

**Bahrain Flour Mills Company B.S.C.**

**CONDENSED INTERIM FINANCIAL  
INFORMATION**

**30 June 2017**

Commercial registration : 1170

Board of Directors : Mr. Abdullateef Al Aujan (*Chairman*)  
Mr. Salah Mohamed Al Kulaib (*Vice chairman*)  
Ms. Afnan Rashid Al Zayani  
Dr. Seena Rahma Jaber (*until 27 March 2017*)  
Mr. Ayman A. Hameed Zainal (*from 27 March 2017*)  
Mr. Abbas Abdul Mohsen Radhi  
Mr. Adel Ahmed Abdulmalik  
Mr. Marwan Khaled Tabbara  
Dr. Marwa Khalid Al Sabbagh

Chief Executive Officer : Mohammed Abdulwahab Nass

Offices : Building 1773, Road 4236, Block 342 PO Box 26787  
Mina Salman, Manama – Kingdom of Bahrain  
Telephone 17729984, Fax 17729312  
E-Mail: info@bfm.bh

Bankers : Ahli United Bank BSC  
National Bank of Bahrain BSC  
BBK BSC

Auditors : KPMG Fakhro

Shares registrar : Karvy Computershare W.L.L.

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2017**

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## **Independent auditors' report on review of condensed interim financial information**

The Board of Directors  
Bahrain Flour Mills Company B.S.C.  
Manama  
Kingdom of Bahrain

### **Introduction**

We have reviewed the accompanying 30 June 2017 condensed interim financial information of Bahrain Flour Mills Company B.S.C. (the "Company"), which comprises:

- the condensed statement of financial position as at 30 June 2017;
- the condensed statement of profit or loss for the three-month and six-month periods ended 30 June 2017;
- the condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2017;
- the condensed statement of changes in equity for the six-month period ended 30 June 2017;
- the condensed statement of cash flows for the six-month period ended 30 June 2017; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


KPMG

9 August 2017

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2017

Bahraini dinars

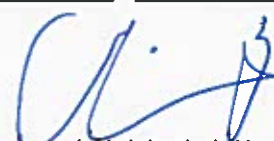
	<b>30 June 2017 (reviewed)</b>	<b>31 December 2016 (audited)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,878,354	3,774,009
Trade and other receivables	2,345,089	2,649,374
Inventory	5,047,246	5,333,325
<b>Total current assets</b>	<b>14,270,689</b>	<b>11,756,708</b>
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments (note 11)	4,997,213	6,275,515
Property, plant and equipment	4,458,075	4,660,047
<b>Total non-current assets</b>	<b>9,455,288</b>	<b>10,935,562</b>
<b>TOTAL ASSETS</b>	<b>23,725,977</b>	<b>22,692,270</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,410,024	2,467,874
Import finance loans	1,920,391	1,679,407
<b>Total current liabilities</b>	<b>5,330,415</b>	<b>4,147,281</b>
<b>NON-CURRENT LIABILITIES</b>		
Provision for employees' indemnities	57,926	53,335
<b>TOTAL LIABILITIES</b>	<b>5,388,341</b>	<b>4,200,616</b>
<b>EQUITY</b>		
Share capital	2,481,877	2,481,877
Share premium	1,350,000	1,350,000
Statutory reserve	1,241,625	1,241,625
Investments fair value reserve	1,006,515	4,779,085
Other reserves	3,463,628	3,463,628
Retained earnings	8,793,991	5,175,439
<b>TOTAL EQUITY (page 5)</b>	<b>18,337,636</b>	<b>18,491,654</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,725,977</b>	<b>22,692,270</b>



Abdullateef Al Aujan  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Mohammed Abdulwahab Nass  
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 12 on 9 August 2017.

**CONDENSED STATEMENT OF PROFIT OR LOSS**  
**for the six months ended 30 June 2017**

Bahraini dinars

	Six months ended		Three months ended	
	30 June 2017 (reviewed)	30 June 2016 (reviewed)	30 June 2017 (reviewed)	30 June 2016 (reviewed)
Sales	3,656,336	3,305,969	1,850,600	1,734,456
Cost of sales	(6,455,883)	(6,791,234)	(3,173,373)	(3,283,964)
<b>Gross loss before government subsidy</b>	<b>(2,799,547)</b>	<b>(3,485,265)</b>	<b>(1,322,773)</b>	<b>(1,549,508)</b>
Government subsidy	3,640,909	4,222,150	1,716,399	1,933,856
<b>Gross profit</b>	<b>841,362</b>	<b>736,885</b>	<b>393,626</b>	<b>384,348</b>
Other operating expenses	(615,018)	(669,214)	(301,250)	(332,110)
<b>Operating profit</b>	<b>226,344</b>	<b>67,671</b>	<b>92,376</b>	<b>52,238</b>
Investment income (note 12)	3,789,648	292,010	2,049,027	37,444
Impairment on available-for-sale investments	-	(34,459)	-	-
Other income	119,071	27,369	31,034	12,827
<b>Profit for the period</b>	<b>4,135,063</b>	<b>352,591</b>	<b>2,172,437</b>	<b>102,509</b>

Basic earnings per share (fils), note 8

	167	14	88	4
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Abdullateef Al Aujan  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Mohammed Abdulwahab Nass  
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 12 on 9 August 2017.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the six months ended 30 June 2017**

Bahraini dinars

	Six months ended		Three months ended	
	30 June 2017 (reviewed)	30 June 2016 (reviewed)	30 June 2017 (reviewed)	30 June 2016 (reviewed)
<b>Profit for the period</b>	<b>4,135,063</b>	<b>352,591</b>	<b>2,172,437</b>	<b>102,509</b>
<b>Other comprehensive income:</b>				
<b>Items that are or may be reclassified to profit or loss:</b>				
Change in fair value of available-for-sale investments	(160,865)	(100,448)	(59,018)	185,538
Transferred to profit or loss on sale of available-for-sale investments	(3,611,705)	-	(1,993,385)	-
<b>Total other comprehensive income for the period</b>	<b>(3,772,570)</b>	<b>(100,448)</b>	<b>(2,052,403)</b>	<b>185,538</b>
<b>Total comprehensive income for the period</b>	<b>362,493</b>	<b>252,143</b>	<b>120,034</b>	<b>288,047</b>

The condensed interim financial information consists of pages 2 to 12.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2017

Bahraini dinars

	Share capital	Share premium	Reserves			Retained earnings	Total
			Statutory reserve	Investments fair value reserve	Other reserves		
<b>2017 (reviewed)</b>							
At 1 January 2017	2,481,877	1,350,000	1,241,625	4,779,085	3,463,628	5,175,439	18,491,654
<b>Comprehensive income:</b>							
Profit for the period	-	-	-	-	-	4,135,063	4,135,063
<b>Other comprehensive income:</b>							
Items that are or may be reclassified to profit or loss:							
Change in fair value of available-for-sale investments	-	-	-	(160,865)	-	-	(160,865)
Transferred to profit or loss on sale of available-for-sale investments	-	-	-	(3,611,705)	-	-	(3,611,705)
<b>Total other comprehensive income for the period</b>	-	-	-	<b>(3,772,570)</b>	-	-	<b>(3,772,570)</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>(3,772,570)</b>	-	<b>4,135,063</b>	<b>362,493</b>
Dividends declared for 2016						(496,511)	(496,511)
Charity contributions approved for 2016						(20,000)	(20,000)
<b>At 30 June 2017</b>	<b>2,481,877</b>	<b>1,350,000</b>	<b>1,241,625</b>	<b>1,006,515</b>	<b>3,463,628</b>	<b>8,793,991</b>	<b>18,337,636</b>

The condensed interim financial information consists of pages 2 to 12.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2017 (continued)**

Bahraini dinars

	Share capital	Share premium	Reserves			Retained earnings	Total
			Statutory reserve	Investments fair value reserve	Other reserves		
2016 (reviewed)							
At 1 January 2016	2,481,877	1,350,000	1,241,625	5,097,443	3,463,628	4,888,883	18,523,456
Comprehensive income:							
Profit for the period	-	-	-	-	-	352,591	352,591
Other comprehensive income:							
Items that are or may be reclassified to profit or loss:							
Change in fair value of available-for-sale investments	-	-	-	(100,448)	-	-	(100,448)
Total other comprehensive income for the period	-	-	-	(100,448)	-	-	(100,448)
Total comprehensive income for the period	-	-	-	(100,448)	-	352,591	252,143
Dividends declared for 2015	-	-	-	-	-	(496,511)	(496,511)
Charity contributions approved for 2015	-	-	-	-	-	(20,000)	(20,000)
At 30 June 2016	2,481,877	1,350,000	1,241,625	4,996,995	3,463,628	4,724,963	18,259,088

The condensed interim financial information consists of pages 2 to 12.



**CONDENSED STATEMENT OF CASH FLOWS**  
for the six months ended 30 June 2017

Bahraini dinars

	<b>Six months ended 30 June 2017 (reviewed)</b>	<b>Six months ended 30 June 2016 (reviewed)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>4,135,063</b>	352,591
<i>Adjustments:</i>		
Depreciation	328,063	349,070
Impairment of available-for-sale investments	-	34,459
Profit on sale of available-for-sale investments	(3,611,705)	-
Profit / (Loss) on sale of property, plant and equipment	(800)	1,162
<i>Change in working capital:</i>		
Inventory	286,079	682,246
Trade and other receivables	304,285	862,230
Trade and other payables	567,555	182,639
Employees' terminal benefits	4,591	(396)
<b>Net cash generated from operating activities</b>	<b>2,013,131</b>	<b>2,464,001</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(126,862)	(30,240)
Proceed from sale of available-for-sale investments	4,458,094	-
Purchase of available-for-sale investments	(3,340,657)	-
Proceed from sale of property, plant and equipment	1,607	3,800
<b>Net cash generated from / (used in) investing activities</b>	<b>992,182</b>	<b>(26,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Import finance loans availed	4,307,146	4,773,100
Repayment of import finance loans	(4,066,164)	(5,289,960)
Dividends paid	(141,950)	(436,954)
<b>Net cash generated from / (used in) financing activities</b>	<b>99,032</b>	<b>(953,814)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>3,104,345</b>	<b>1,483,747</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>3,774,009</b>	<b>1,993,160</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>6,878,354</b>	<b>3,476,907</b>
<i>Comprising:</i>		
Cash on hand	1,641	2,010
Bank balances	6,876,713	3,474,897
	<b>6,878,354</b>	<b>3,476,907</b>

The condensed interim financial information consists of pages 2 to 12.

**NOTES****to the 30 June 2017 condensed interim financial information****Bahraini dinars****1 REPORTING ENTITY**

Bahrain Flour Mills Company B.S.C. ("the Company") is a Bahraini public shareholding company registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain and operates under commercial registration number 1170 obtained on 16 July 1970. The Company was incorporated by an Amiri Charter dated 9 May 1970 for a period of 50 years and commenced commercial operations on 1 May 1972.

The principal activities of the Company are the production of flour and related products which are sold in the local market.

**2 BASIS OF PREPARATION**

This condensed interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2016. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Company for the year ended 31 December 2016, except for the changes arising from adoption of relevant IFRS, amendments and interpretation issued by IASB that are effective for annual reporting periods beginning 1 January 2017. The adoption of these standards did not have a significant impact on the condensed interim financial information.

- 4 The condensed interim financial information is reviewed, not audited. The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2016. The corresponding figures for the condensed statements of profit or loss, comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information for the six months ended 30 June 2016.

**5 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2016.

**6 SEASONALITY**

Dividend income usually received during the first half of the year. There is no other significant income of seasonal nature.

**7 JUDGEMENTS AND ESTIMATES**

In preparing these condensed interim financial information, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements for the year ended 31 December 2016.

**NOTES****to the 30 June 2017 condensed interim financial information**

Bahraini dinars

- 8 The earnings per share was calculated on the basis of net profit for the period of BD 4,135,063 (2016: BD 352,591 ) divided by the average weighted number of shares issued net of treasury shares for the period ended 30 June 2017 of 24,825,570 shares (2016: 24,825,570 shares). Diluted earnings per share have not been presented as the Company has no instruments convertible into ordinary shares that would dilute earnings per share.
- 9 Appropriations of profit, if any, will be made only at the year-end.
- 10 During the period, the Shareholders approved the following appropriations for 2016 in their Annual General Meeting held on 27 March 2017 which were effected during the period:

	2017	2016
Cash dividends of 20 fils per share (2016: 20 fils per share)	496,511	496,511
Charity contributions	20,000	20,000

The shareholders also approved directors' remuneration of BD 34,077 (2016: BD 16,000).

**11 AVAILABLE-FOR-SALE INVESTMENTS**

	30 June 2017	31 December 2016
At beginning of the period	6,275,515	6,654,488
Additions	3,340,657	-
Disposals	(4,458,094)	(218,400)
Change in fair value of available-for-sale investments	(160,865)	(126,114)
Impairment	-	(34,459)
<b>At end of the period</b>	<b>4,997,213</b>	<b>6,275,515</b>

**12 INVESTMENT INCOME**

	Six months ended 30 June 2017	Six months ended 30 June 2016
Dividends income	177,943	292,010
Profit on sale of available-for-sale investments	3,611,705	-
	<b>3,789,648</b>	<b>292,010</b>

During the period, available-for-sale investments with total cost of BD 846,389 have been sold for BD 4,458,094. As a result, the Company has recognised profit of BD 3,611,705 in the condensed statement of profit or loss through a transfer of the same amount from fair value reserve.

**NOTES**

to the 30 June 2017 condensed interim financial information

Bahraini dinars

**13 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and executive management of the Company.

Transactions with entities controlled by directors, or over which they exert significant influence are as per the fixed contract price agreed by the Company, government and those entities. Other related party transactions are conducted on a normal commercial basis.

**a) Transactions and balances with and from/ to related parties****Common controlled entities:*****i) Statement of financial position***

Receivables  
Import finance loans  
Accrued interest on import finance loans

30 June 2017	31 December 2016
-	3,800
-	1,265,894
-	5,828
-	1,275,522

***ii) Statement of profit or loss***

Sales

Six months ended 30 June 2017	Six months ended 30 June 2016
-	24,130
-	24,130

**b) Transactions with key management personnel**

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:-

Board of Directors' remuneration provided during the period  
Other board of directors expenses  
Salaries and other benefits

Six months ended 30 June 2017	Six months ended 30 June 2016
17,000	-
33,951	36,350
108,906	122,366
159,857	158,716

Board of Directors' remuneration paid during the period

34,077	16,000
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**NOTES**

to the 30 June 2017 condensed interim financial information

Bahraini dinars

**14 SEGMENTAL INFORMATION**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Company's current activities are primarily the production of flour and related products which are sold in the local market. The revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and other disclosures are provided in these condensed interim financial information.

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS****Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- *Level 1* quoted prices (unadjusted) in active markets for identical assets and liabilities.
- *Level 2* inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3* inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

*a) Financial instruments measured at fair value:*

The table below analyses financial instruments, measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorised:

**2017****Available-for-sale investments:**

Quoted equity securities  
Managed funds

	Level 1	Level 2	Level 3	Total
Quoted equity securities	1,052,546	-	-	1,052,546
Managed funds	-	3,904,126	-	3,904,126
	<b>1,052,546</b>	<b>3,904,126</b>	-	<b>4,956,672</b>

**NOTES**

to the 30 June 2017 condensed interim financial information

Bahraini dinars

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

2016

	Level 1	Level 2	Level 3	Total
Available-for-sale investments:				
Quoted equity securities	5,793,779	-	-	5,793,779
Managed funds	-	441,195	-	441,195
	5,793,779	441,195	-	6,234,974

No transfers out of, or into, the level 3 measurement classification occurred during the period ended 30 June 2017 or 30 June 2016.

**b) Other financial assets and liabilities:**

Except for available-for-sale investments with carrying value of BD 40,541 (2016: BD 40,541) which are carried at cost less impairment due to the absence of a reliable measure of fair value, the carrying amount of the Company's other financial assets and liabilities approximate their fair values due to their short term nature.