

**SUPPLEMENTARY DISCLOSURE RELATED TO THE IMPACT OF COVID-19** (not reviewed)

Further to the CBB letter dated 14 July 2020 (ref. OG/259/2020), Bahrain Flour Mills Company B.S.C. provides the following information:

<i>A. The overall impact on the financial statements</i>	
The overall impact on the financial statements of BFM as at June 30, 2020 has been assessed by Management and is described as per below:	

<i>B. The impact on Income Statement</i>	
Revenues	There was no impact in food industry & demand, BFM products are not seasonal and the demand was sustainable. Due to COVID pandemic we have commercial orders (other than subsidized orders) although it was not significant. In general, we have observed no material revenue impact as of the six-month period ended 30 June 2020.
Expenses	We have a positive impact on the expenses mainly due to the Government support provided on Salaries and Utilities (salaries BD 181,136 Rent of BD 7,773 and Utilities of 44,005) that was net it off by certain additional expenses of BD 27,769 to result net positive impact of BD 205,145 up to 30 June 2020.
Investment Income/loss	The company holds financial assets at fair value through profit or loss, the change in the fair value/reported loss for the first half of 2020 is BD 1,296,349 as compared to fair value gain of BD 1,304,639 last year mainly due to the market reaction in COVID pandemic.
Net income	As mentioned in this disclosure above.

<i>C. The impact on Balance Sheet</i>	
<i>Assets</i>	
Cash and cash equivalents	We have unused facilities available from Banks. Our liquidity position is strong, and we have not noticed any material reduction in our cash collection. Further, the company has liquid investment on balance sheet.



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	<p>We have strong cash flow from customers, and we anticipate this to continue and we anticipate the government subsidy to remain the same. There is no material impact on any other assets of the Company as at June 30, 2020.</p> <p>Investment at fair value through profit and loss has dropped in value by 13% from BD10,079,952 as at 31 December 2019 to BD 8,783,603 as at 30 June 2020.</p>
<i>Liabilities</i>	
Import finance loans	BFM currently carries debt for the normal course of business and the only transaction related COVID pandemic was a purchase of strategic wheat on behalf of the government that was financed with correspondence receivable on BFM's statement of financial position.
Net equity attributable to shareholders	There is a drop in equity due to the investment losses through profit & loss partially offset by operating profit.
Other material impact on the Balance Sheet	Due to the purchase of the strategic wheat as of 30 June 2020 it is recorded as a receivable from government of BD 3,227,991.

*D. The impact on the company's ability to continue as going concern*

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, this interim condensed financial information has been appropriately prepared on a going concern basis.

