

Bahrain Flour Mills Company B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION

30 September 2022

Commercial registration	: 1170 (Bahrain Joint Stock Company)
Board of Directors	: Mr. Marwan Khaled Tabbara (<i>Chairman</i>) Mr. Salah Mohamed Al Kulaib (<i>Vice chairman</i>) Mr. Ayman Abdulhameed Zainal Mr. Eyad Redha Faraj Mr. Khalid Abdulaziz Abdulla Aljassim Ms. Raghdan Saleh Qasim Abdulrasool Mr. Based Nael Jawad Mohamed Ghali Mr. Ahmed Mazhar Mazhar UI Haq
Offices and plant	: Building 1773, Road 4236, Block 342 P.O 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 Bank of Bahrain and Kuwait BSC Arab Bank National Bank of Kuwait
Auditors	: KPMG Fakhro
Shares registrar	: Bahrain Clear B.S.C (c)

Bahrain Flour Mills Company B.S.C.

**CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022**

CONTENTS	Page
Independent auditors' report on review of condensed interim financial information	1
Condensed interim financial information	
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of changes in equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial information	6 - 13



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1

Independent auditors' report on review of condensed interim financial information

To the Board of Directors
Bahrain Flour Mills Company B.S.C.
P.O Box 26787
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2022 condensed interim financial information of Bahrain Flour Mills Company B.S.C. (the "Company"), which comprises:

- the condensed interim statement of financial position as at 30 September 2022;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2022; 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 September 2022 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

8 November 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 September 2022

Bahraini dinars


	Note	30 September 2022 (Reviewed)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	5,525,569	5,787,313
Investment securities	8	1,543,911	-
Total non-current assets		7,069,480	5,787,313
Current assets			
Investment securities	8	11,341,618	13,998,106
Inventory		9,256,076	8,676,953
Receivables and other assets	9	2,091,296	2,505,562
Cash and bank balances		5,503,858	1,370,668
Total current assets		28,192,848	26,551,289
Total assets		35,262,328	32,338,602
EQUITY AND LIABILITIES			
Equity			
Share capital		2,481,877	2,481,877
Share premium		1,350,000	1,350,000
Statutory reserve		1,241,625	1,241,625
Other reserves		3,463,628	3,463,628
Retained earnings		16,816,578	15,901,795
Total equity		25,353,708	24,438,925
Non-current liabilities			
Lease liabilities		362,207	382,196
Employee benefits		107,615	103,638
Total non-current liabilities		469,822	485,834
Current liabilities			
Lease Liabilities		67,380	67,380
Trade payables and other liabilities		791,434	516,539
Import finance loans		7,958,052	5,555,448
Bank overdraft		621,932	1,274,476
Total current liabilities		9,438,798	7,413,843
Total liabilities		9,908,620	7,899,677
Total equity and liabilities		35,262,328	32,338,602



Marwan Khaled Tabbara
Chairman



Salah Mohamed Al Kulaib
Vice Chairman



Wayne Henry Craig
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2022

Bahraini dinars


		Nine months ended		Three months ended	
		30 September 2022 (Reviewed)	30 September 2021 (Reviewed)	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)
Sales	10	5,601,758	5,161,201	1,809,601	1,704,585
Cost of sales		(15,579,568)	(11,262,471)	(5,708,438)	(4,100,035)
Gross loss before government subsidy		(9,977,810)	(6,101,270)	(3,898,837)	(2,395,450)
Government subsidy	11	11,399,855	7,307,046	4,378,947	2,795,539
Other operating income		56,965	57,789	30,515	17,844
Gross profit		1,479,010	1,263,565	510,625	417,933
Other operating expenses		(1,092,459)	(987,381)	(385,876)	(313,632)
Impairment loss on trade receivables		-	(33,000)	-	(24,800)
Operating profit		386,551	243,184	124,749	79,501
Change in fair value of investment at fair value through profit and loss	8	1,113,511	3,022,434	23,049	852,702
Finance cost		(31,050)	(19,779)	(7,313)	(8,631)
Interest income from debt securities, net		10,926	-	10,926	-
Other income		75,465	193,216	21,971	79,366
Profit for the period		1,555,403	3,439,055	173,382	1,002,938
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,555,403	3,439,055	173,382	1,002,938
Basic and diluted earnings per share (fils)	4	63	139	7	40



Marwan Khaled Tabbara
Chairman



Salah Mohamed Al Kulaib
Vice Chairman



Wayne Henry Craig
Chief Executive Officer

The accompanying notes 1 to 17 are an integral part of the condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2022

Bahraini dinars

	Share capital	Share premium	Reserves		Retained earnings	Total
			Statutory reserve	Other reserves		
2022 (reviewed)						
At 1 January 2022	2,481,877	1,350,000	1,241,625	3,463,628	15,901,795	24,438,925
Total comprehensive income for the period	-	-	-	-	1,555,403	1,555,403
Dividends declared for 2021	-	-	-	-	(620,620)	(620,620)
Charity contributions approved for 2021	-	-	-	-	(20,000)	(20,000)
At 30 September 2022	2,481,877	1,350,000	1,241,625	3,463,628	16,816,578	25,353,708

	Share capital	Share premium	Reserves		Retained earnings	Total
			Statutory reserve	Other reserves		
2021 (reviewed)						
At 1 January 2021	2,481,877	1,350,000	1,241,625	3,463,628	12,347,307	20,884,437
Total comprehensive income for the period	-	-	-	-	3,439,055	3,439,055
Dividends declared for 2020	-	-	-	-	(372,384)	(372,384)
Charity contributions approved for 2020	-	-	-	-	(20,000)	(20,000)
At 30 September 2021	2,481,877	1,350,000	1,241,625	3,463,628	15,393,978	23,931,108

The accompanying notes 1 to 17 are an integral part of the condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2022

Bahraini dinars

	Nine months ended 30 September 2022 (Reviewed)	Nine months ended 30 September 2021 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,555,403	3,439,055
<i>Adjustments:</i>		
Depreciation / amortization	362,504	397,807
Net change in investments at fair value through profit or loss	(1,113,511)	(3,022,434)
Finance cost	31,050	19,779
Interest Income	(30,496)	(11,724)
Other operating income	(56,965)	(57,789)
Impairment loss on trade receivables	-	33,000
<i>Change in working capital:</i>		
Inventory	(579,123)	(123,646)
Receivables and other assets	458,458	(138,193)
Trade payables and other liabilities	274,895	(2,953,314)
Provision for employees' indemnities	3,977	14,704
Cashflows from / (used in) operating activities	906,192	(2,402,755)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed deposit matured during the period	-	500,000
Interest income received	8,667	6,677
Purchase of equipment	(100,760)	(85,710)
Proceeds from sale of investment securities	3,770,000	-
Purchase of investment securities	(1,545,107)	-
Cashflows from investing activities	2,132,800	420,967
CASH FLOWS FROM FINANCING ACTIVITIES		
Import finance loans availed	14,333,518	9,861,650
Repayment of import finance loans	(11,930,914)	(9,244,246)
Dividends paid	(620,620)	(372,825)
Finance cost paid	(31,050)	(4,408)
Lease liability paid	(24,192)	(23,299)
Cashflows from financing activities	1,726,742	216,872
Change in cash and cash equivalents during the period	4,785,734	(1,764,916)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	96,192	1,362,879
CASH AND CASH EQUIVALENTS AT 30 September	4,881,926	(402,037)
Comprising:		
Cash and bank balances	5,503,858	2,012,035
Bank overdraft	(621,932)	(2,414,072)
	4,881,926	(402,037)

The accompanying notes 1 to 17 are an integral part of the condensed interim financial information.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022**

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 and Commerce in the Kingdom of Bahrain under commercial registration number 1170 obtained on 16 July 1970 and listed in Bahrain Bourse. The Company was incorporated by an Amiri Charter dated 9 May 1970 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.

The Company's majority shareholder is Bahrain Mumtalakat Holding Company B.S.C. (c) ("Mumtalakat" or the "Ultimate Parent"), a company wholly owned by the Government of the Kingdom of Bahrain, which holds 65.73% of the Company's share capital. With effect from 15 December 2021, the majority shareholder holding of 65.73% was transferred from Mumtalakat to Bahrain Investment Holding Company – Istithmar W.L.L (the "Parent"). The necessary intimation has been filed with regulators.

2 BASIS OF PREPARATION**a) Statement of compliance**

- (i) The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting, which permits the condensed interim financial information to be in summarized form. The condensed interim financial information does not contain all of the information and disclosures required in the annual financial statements as at 31 December 2021 and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2021 prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 annual financial statements as at and for the year ended 31 December 2021.
- (ii) The condensed interim financial information is reviewed, not audited. The corresponding figures for the condensed interim statement of financial position have been extracted from the Company's audited financial statements for the year ended 31 December 2021 and the corresponding figures for the condensed interim statements of comprehensive income, changes in equity and cash flows have been extracted from the Company's 30 September 2021 reviewed condensed interim financial information.

b) Use of judgements and estimates

Preparing the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

c) Financial risk management

The Company's financial objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's audited financial statements as at and for the year ended 31 December 2021. There are some amendments to existing standards and framework, which are effective from 1 January 2022, but these do not have a significant impact on the Company's condensed interim financial information. The Company did not early adopt any new standards during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini dinars

4 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of equity shares outstanding during the period ended 30 September 2022 as follows:

	Nine months ended		Three months ended	
	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)
Profit for the period	1,555,403	3,439,055	173,382	1,002,938
Weighted average number of equity shares in issue	24,832,500	24,825,570	24,832,500	24,825,570
Basic and diluted earnings per share	63 fils	139 fils	7 fils	40 fils

5 APPROPRIATIONS

At the Annual General Meeting held on 27 March 2022, the Company's shareholders approved the Board of Directors' proposal to pay dividends of BD 0.025 per share, amounting to BD 620,620 for the financial year ended 31 December 2021 (2020: BD 0.015 per share, amounting BD 372,384).

The directors' remuneration of BD 60,000 for the financial year ended 31 December 2021 (2020: BD 60,000) was also approved by the shareholders at the Annual General Meeting held on 27 March 2022.

The appropriations for the financial year ending 31 December 2022 will be made in the next Annual General Meeting.

6 SEASONALITY OF OPERATIONS

The Company does not have income of seasonal nature.

7 PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment include capital work in progress of BD 2,938,453 incurred towards supply and install mechanical and electrical equipment including the engineering work to upgrade cleaning house, new mill and to upgrade the flour blending and mixing and Flour Sterilator in the lease hold property for the expected total capex of BD 5,753,117.

8 INVESTMENT SECURITIES

	Note	30 September 2022 (Reviewed)	31 December 2021 (Audited)
Debt securities, at amortized cost		1,543,911	-
Equity securities and managed funds, at FVTPL	8.1	11,341,618	13,998,106
		12,885,529	13,998,106

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini dinars

8 INVESTMENT SECURITIES (continued)

8.1 The movement in equity securities, at FVTPL

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
At 1 January	13,998,106	10,456,304
Sale of investment securities	(3,769,999)	-
Change in fair value, net	1,113,511	3,541,802
	11,341,618	13,998,106

The investments at fair value through profit or loss consist of quoted securities and funds.

9 RECEIVABLES AND OTHER ASSETS

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
Subsidy receivable	1,550,562	2,174,524
Trade receivables	267,907	204,769
Advances to suppliers	192,765	139,306
Others	127,062	33,963
	2,138,296	2,552,562
Provision for impairment	(47,000)	(47,000)
	2,091,296	2,505,562

The movement in the provision for impairment is as follows:

	30 September 2022 (Reviewed)	31 December 2021 (Audited)
At 1 January	47,000	-
Charge for the period	-	47,000
	47,000	47,000

10 SALES

	Nine months ended		Three months ended	
	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)
Flour	3,834,317	3,519,132	1,272,389	1,201,243
Bran	985,601	973,586	324,931	324,560
Flour-Special products	781,840	668,483	212,281	178,782
	5,601,758	5,161,201	1,809,601	1,704,585

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini dinars

11 GOVERNMENT SUBSIDY

Government subsidy is calculated for the majority of the Company's products, as the difference between the actual cost of wheat purchased and used for local sales products plus BD 31 per ton (2021: BD 31 per ton) sold for all other related costs of flour sold locally, and the total local sales made during the period.

During the current period, updated subsidy is calculated for special retail products, which is calculated as the difference between the actual cost of wheat purchased and used for local sales products plus a range between BD 98 to BD 145 per ton sold for all other related costs of flour sold locally, and the total local sales made during the period.

The following table shows the details of Government subsidy:

	Nine months ended		Three months ended	
	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)	30 September 2022 (Reviewed)	30 September 2021 (Reviewed)
Actual cost of wheat purchased and used	13,793,799	9,501,015	5,124,110	3,490,202
Plus: BD 31 per ton of wheat products sold locally	2,852,412	2,600,112	931,357	861,642
	16,646,211	12,101,127	6,055,467	4,351,844
Less: Gross sales subject to subsidy	(5,246,356)	(4,794,081)	(1,676,520)	(1,556,305)
	11,399,855	7,307,046	4,378,947	2,795,539

Quantity sold during the period was 90,672 tons (Subsidized 88,756 tons and Commercial 1,916 tons) (2021: 86,508 tons (Subsidized 83,874 tons and Commercial 2,634 tons)).

12 RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

Transactions with shareholders

The Company qualifies as a government related entity under the definitions provided in IAS 24. The Company purchase Electricity, avails short-term loan and receives services from various Government and semi-government organisation and companies in the Kingdom of Bahrain. Other than purchase of Electricity and availing short-term loan, such other transactions are in the normal course of business and are not considered to be individually significant in terms of size.

Transactions with other commercial non-government related parties related to the controlling shareholder and significant transaction with government related entities included in the statement of profit or loss are as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini dinars

12 RELATED PARTIES (continued)

a) Transactions and balances with related parties

		Nine months ended 30 September 2022 (Reviewed)	Nine months ended 30 September 2021 (Reviewed)
i) Statement of profit or loss and other comprehensive income			
	Relationship		
Finance cost on import finance loans	Affiliate of Ultimate parent	32,000	30,522
Other operating expenses	Affiliate of Ultimate parent	6,179	5,397
Interest Income	Affiliate of Ultimate parent	283	5,355
		Nine months ended 30 September 2022 (Reviewed)	Nine months ended 30 September 2021 (Reviewed)
ii) Import finance loan			
Loans availed during the period	Affiliate of Ultimate parent	4,919,647	-
Repayment of import finance loans	Affiliate of Ultimate parent	(3,667,094)	(2,920,536)
		30 September 2022 (Reviewed)	31 December 2021 (Audited)
iii) Statement of financial position			
	Relationship		
Import finance loans	Affiliate of Ultimate parent	-	3,667,094
Accrued interest on import finance loans	Affiliate of Ultimate parent	88,583	32,518
Bank balance	Affiliate of Ultimate parent	154,675	284,080

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:

	Nine months ended 30 September 2022 (Reviewed)	Nine months ended 30 September 2021 (Reviewed)
Salaries and other benefits	194,124	168,844
Directors' sitting fees	54,200	56,700
Board of Directors' remunerations accrued during the period	45,000	45,000
Other board of directors' expenses	14,777	13,993
	308,101	284,537

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini dinars

13 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 this condensed interim financial information.

14 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:

30 September 2022 (Reviewed)	Level 1	Level 2	Level 3	Total
Investment securities at fair value through profit or loss:				
Quoted securities and managed funds	11,341,618	-	-	11,341,618
	11,341,618	-	-	11,341,618
31 December 2021 (Audited)				
Investment securities at fair value through profit or loss:				
Quoted securities and managed funds	13,998,106	-	-	13,998,106
	13,998,106	-	-	13,998,106

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022

Bahraini dinars

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

There were no transfers between the levels during the period.

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values.

30 September 2022 (reviewed)	FVTPL	Investment at amortized costs	Loans and receivables	Financial liability	Total carrying value	Fair value
Cash and cash equivalents	-	-	5,503,858	-	5,503,858	5,503,858
Receivables and other assets	-	-	2,091,296	-	2,091,296	2,091,296
Financial investments	11,341,618	1,543,911	-	-	12,885,529	12,832,465
Total financial assets	11,341,618	1,543,911	7,595,154	-	20,480,683	20,467,619
Trade payables and other liabilities	-	-	-	791,434	791,434	791,434
Import finance loans	-	-	-	7,958,052	7,958,052	7,958,052
Bank overdraft	-	-	-	621,932	621,932	621,932
Total financial liabilities	-	-	-	9,371,418	9,371,418	9,371,418

31 December 2021 (audited)	FVTPL	Investment at amortized costs	Loans and receivables	Financial liability	Total carrying value	Fair value
Cash and cash equivalents	-	-	1,370,668	-	1,370,668	1,370,668
Receivables and other assets	-	-	2,505,562	-	2,505,562	2,505,562
Financial investments	13,998,106	-	-	-	13,998,106	13,998,106
Total financial assets	13,998,106	-	3,876,230	-	17,874,336	17,874,336
Trade payables and other liabilities	-	-	-	516,539	516,539	516,539
Import finance loans	-	-	-	5,555,448	5,555,448	5,555,448
Bank overdraft	-	-	-	1,274,476	1,274,476	1,274,476
Total financial liabilities	-	-	-	7,346,463	7,346,463	7,346,463

15 LEASE

The land at Mina Salman on which the mill was built is leased by the Company. The original lease contract with the Government of Bahrain was expired on 30 June 2020 and the management of the Company is in progress to renew of the lease contact on new rates, terms and conditions. As of the date of this condensed interim financial information, the lease assets and liabilities were calculated based on extension made on the original contract terms and conditions. The new lease agreement is expected to be finalized during the current year.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2022**

Bahraini dinars

16 COMMITMENTS AND CONTINGENCIES**(i) Commitments*****Pending capital commitment***

Estimated capital expenditure contracted for at the reporting date amounted to BD 327,277 (31 December 2021: BD 327,277). The commitments are expected to be settled within 1 to 5 years from the reporting date.

(ii) Contingencies

At 30 September 2022, the Company had contingent liabilities in respect of the bank guarantees amounting to BD 500 (2021: BD 500) from which is anticipated that no material liabilities will arise.

17 SIGNIFICANT EVENTS**(i) COVID - 19**

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally, which continued in 2021 and 2022. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global equity and commodity markets have also experienced great volatility in prices. Since the outbreak, the authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

(ii) Other significant matters

The current ongoing conflict between Russia-Ukraine triggered a global economic disruption and has, amongst other impacts, led to increased volatility in financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries. The management has carried out an assessment and has concluded that it does not have any direct exposures to / from the impacted countries. However, potential for indirect exposures continue to exist. At this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. To minimize the indirect impact the management has taken number of actions to secure known grain type and quality from known origin at time aligned with anticipated requirements, to maintain uninterrupted supply within the available capacity of the Company's infrastructure, forward cover is sought to mitigate any lack of capacity from origin. The impact of the changes and volatility in prices will be subsidized by the Government of Kingdom of Bahrain as per current subsidy arrangement structure. The management will continue to closely monitor impact of this evolving situation on its operation to assess indirect impact, if any.

In preparing the condensed interim financial information, judgements made by management in applying the Company's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.