

# Bahrain Flour Mills Company B.S.C.

## INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2023 (Reviewed)

Commercial registration	1170 (Bahraini Joint Stock Company)
Board of Directors	Mr. Basim AlSaie ( Chairman ) Mr. Salah Mushari Al Kulaib ( Vice Chairman ) Mr. Ayman A.Hameed Zainal Ms. Raghdan Qassim A. Rasool Mr. Eyad Redha Faraj Mr. Ahmad Mazhar Mr. Fahad Mohamed Al Mudhahka Mr. Wael Ahmed Itani
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	Ernst & Young - Middle East
Shares registrar	Bahrain Clear B.S.C (c)

## **REPORT ON THE REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BAHRAIN FLOUR MILLS COMPANY B.S.C.**

### ***Introduction***

We have reviewed the accompanying interim condensed financial statements of Bahrain Flour Mills Company B.S.C. ("the Company") as at 31 March 2023, comprising of the interim statement of financial position as at 31 March 2023 and the related interim statements of comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS) 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed financial statements 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

### ***Other matter***

The financial statements of the Company for the year ended 31 December 2022 and the interim condensed financial statements of the Company for the three-month period ended 31 March 2022, were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion dated 22 February 2023 and unmodified review conclusion dated 12 May 2022 respectively on those financial statements.



14 May 2023  
Manama, Kingdom of Bahrain

**Bahrain Flour Mills Company B.S.C.**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
 At 31 March 2023

	Notes	31 March 2023 (Reviewed) BD	31 December 2022 (Audited) BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,202,100	5,172,814
Right-of-use assets		1,216,962	1,240,334
Investment securities	6	1,539,094	1,541,475
		<u>7,958,156</u>	<u>7,954,623</u>
<b>Current assets</b>			
Investment securities	6	10,968,457	10,824,052
Inventories		7,234,561	8,618,655
Receivables and other assets	7	2,198,087	4,141,240
Cash and bank balances		7,031,047	5,698,048
		<u>27,432,152</u>	<u>29,281,995</u>
<b>TOTAL ASSETS</b>		<u><b>35,390,308</b></u>	<u><b>37,236,618</b></u>
<b>EQUITY AND LIABILITIES</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
Other reserves		3,463,628	3,463,628
Retained earnings		16,550,956	16,683,756
<b>Total equity</b>		<u><b>25,088,086</b></u>	<u><b>25,220,886</b></u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		122,558	113,004
Lease liabilities - non-current portion		1,166,054	1,185,464
		<u><b>1,288,612</b></u>	<u><b>1,298,468</b></u>
<b>Current liabilities</b>			
Lease liabilities - current portion		65,475	61,420
Term loan	8	1,085,950	-
Trade payables and other liabilities		1,162,464	638,425
Government subsidy received in advance	9	6,698,439	-
Import finance loans		274	8,169,905
Bank overdraft		1,008	1,847,514
		<u><b>9,013,610</b></u>	<u><b>10,717,264</b></u>
<b>Total liabilities</b>		<u><b>10,302,222</b></u>	<u><b>12,015,732</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>35,390,308</b></u>	<u><b>37,236,618</b></u>

  
 Basim AlSaie  
 Chairman

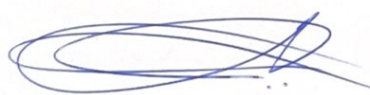
  
 Salah Mohamed Al Kulaib  
 Vice Chairman

  
 Wayne Henry Craig  
 Chief Executive Officer

The accompanying notes 1 to 17 form part of these interim condensed financial statements.

**Bahrain Flour Mills Company B.S.C.**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
For the three-month period ended 31 March 2023 (Reviewed)

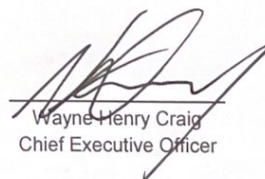
	Notes	Three-month period ended	
		31 March 2023 BD	31 March 2022 BD
Revenue	10	2,215,526	2,029,943
Cost of revenue		(6,718,587)	(5,200,658)
<b>Gross loss before Government subsidy</b>		<b>(4,503,061)</b>	<b>(3,170,715)</b>
Government subsidy	11	5,167,500	3,601,716
Other operating income		11,259	10,300
<b>Gross profit</b>		<b>675,698</b>	<b>441,301</b>
Other operating expenses		(339,215)	(303,138)
<b>Operating profit</b>		<b>336,483</b>	<b>138,163</b>
Net change in fair value of investment securities at profit or loss		144,405	2,735,518
Interest income from investment securities at amortised cost - net		18,717	-
Finance costs		(38,299)	(8,359)
Other income		51,534	26,556
<b>Net profit and total comprehensive income for the period</b>		<b>512,840</b>	<b>2,891,878</b>
<b>Basic and diluted earnings per share (fils)</b>	12	<b>21</b>	<b>116</b>



Basim AlSaie  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Wayne Henry Craig  
Chief Executive Officer

The accompanying notes 1 to 17 form part of these interim condensed financial statements.

# Bahrain Flour Mills Company B.S.C.

## INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2023 (Reviewed)

	<i>Three-month period ended</i>	
	<b>31 March 2023 BD</b>	<i>31 March 2022 BD</i>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	<b>512,840</b>	2,891,878
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	<b>102,590</b>	108,451
Amortisation on right-of-use-assets	<b>23,372</b>	12,857
Net change in fair value of investment securities	<b>(144,405)</b>	(2,735,518)
Interest income from investment securities at amortised cost	<b>(18,717)</b>	-
Interest income from bank balances	<b>(27,454)</b>	(956)
Finance costs	<b>38,299</b>	8,359
Provision for slow moving and obsolete inventories	<b>25,203</b>	2,295
Charge for expected credit losses	<b>4,500</b>	-
Provision for employees' end of service benefits	<b>10,282</b>	15,723
Operating profit before working capital changes	<b>526,510</b>	303,089
Working capital changes:		
Inventories	<b>1,358,891</b>	(46,283)
Receivables and other assets	<b>1,968,342</b>	(479,793)
Trade payables and other liabilities	<b>(122,510)</b>	3,870,068
Net cash generated from operations	<b>3,731,233</b>	3,647,081
Employees' end of service benefits paid	<b>(728)</b>	-
Donation paid	<b>(12,048)</b>	(20,000)
Net cash flows from operating activities	<b>3,718,457</b>	3,627,081
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(131,876)</b>	(13,358)
Interest income received - net	<b>18,863</b>	956
Net cash flows used in investing activities	<b>(113,013)</b>	(12,402)
<b>FINANCING ACTIVITIES</b>		
Repayment of import finance loans	<b>(8,169,631)</b>	(3,151,194)
Proceeds from term loan availed	<b>1,085,950</b>	-
Government subsidy received in advance	<b>6,698,439</b>	-
Finance costs paid	<b>(25,342)</b>	(8,359)
Payment of principal portion of lease liabilities	<b>(15,355)</b>	(4,595)
Net cash flows used in financing activities	<b>(425,939)</b>	(3,164,148)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3,179,505</b>	450,531
Cash and cash equivalents at 1 January	<b>3,850,534</b>	96,192
<b>Cash and cash equivalents at 31 March</b>	<b>7,030,039</b>	546,723
<b>Comprising:</b>		
Cash on hand	<b>1,033</b>	964
Bank balances	<b>7,030,014</b>	1,809,333
Bank overdraft	<b>(1,008)</b>	(1,263,574)
	<b>7,030,039</b>	546,723

### Non-cash item:

Dividend payable amounting to BD 620,640 (31 March 2022: BD 620,640) has been excluded from movement in trade payables and other liabilities.

The accompanying notes 1 to 17 form part of these interim condensed financial statements.

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

### INTERIM STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2023 (Reviewed)

	Note	Share capital BD	Share premium BD	Reserves		Retained earnings BD	Total BD
				Statutory reserve BD	Other reserves BD		
At 1 January 2023		2,481,877	1,350,000	1,241,625	3,463,628	16,683,756	25,220,886
Net profit and total comprehensive income for the period		-	-	-	-	512,840	512,840
Charity approved for 2022		-	-	-	-	(25,000)	(25,000)
Dividends declared for 2022	15	-	-	-	-	(620,640)	(620,640)
<b>At 31 March 2023</b>		<b>2,481,877</b>	<b>1,350,000</b>	<b>1,241,625</b>	<b>3,463,628</b>	<b>16,550,956</b>	<b>25,088,086</b>

	Note	Share capital BD	Share premium BD	Reserves		Retained earnings BD	Total BD
				Statutory reserve BD	Other reserves BD		
At 1 January 2022		2,481,877	1,350,000	1,241,625	3,463,628	15,901,795	24,438,925
Net profit and total comprehensive income for the period		-	-	-	-	2,891,878	2,891,878
Charity approved for 2021		-	-	-	-	(20,000)	(20,000)
Dividends declared for 2021	15	-	-	-	-	(620,640)	(620,640)
At 31 March 2022		2,481,877	1,350,000	1,241,625	3,463,628	18,153,033	26,690,163

The accompanying notes 1 to 17 form part of these interim condensed financial statements.

## 1 CORPORATE INFORMATION

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 Company is engaged in the production of flour and related products which are mainly sold in the local market.

This interim condensed financial statements comprise the results of the Company for the three-month period ended 31 March 2023.

The Company's majority shareholder is Bahrain Investment Holding Company - Istithmar W.L.L, which holds 65.73% of the Company's shares (the "Parent"). The Parent is a wholly owned company of Bahrain Mumtalakat Holding Company B.S.C (c) (the "Ultimate Parent"). The Ultimate Parent is controlled by the Government of the Kingdom of Bahrain (the "Government").

## 2 SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The interim condensed financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022. In addition, results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

### New and amended standards and interpretations adopted as of 1 January 2023

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new and amended standards and interpretations as of 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new and amended standards apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

- *IFRS 17 Insurance Contracts: In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers;*
- *Definition of Accounting Estimates - Amendments to IAS 8: The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates;*

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New and amended standards and interpretations adopted as of 1 January 2023 (continued)**

- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures; and*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12: The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.*

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The significant accounting judgements and estimates used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2022.

**4 SEASONALITY OF OPERATIONS**

The Company is engaged in the production and sale of flour and related products and as such has no seasonality in its operations.

**5 PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment includes capital work in progress of BD 3,124,855 (31 December 2022: BD 3,063,777) representing cost incurred towards the supply and installation of mechanical and electrical equipment including the engineering and civil work for a new production line in leasehold property.

**6 INVESTMENT SECURITIES**

	<b>31 March 2023 (Reviewed) BD</b>	<b>31 December 2022 (Audited) BD</b>
Investment securities at amortised cost	<b>1,539,094</b>	1,541,475
Investment securities at fair value through profit or loss	<b>10,968,457</b>	10,824,052
	<b>12,507,551</b>	12,365,527

The investments at amortised cost consist of debt securities classified as non-current asset while investments at fair value through profit or loss consist of quoted equity securities and managed funds classified as current asset.



# Bahrain Flour Mills Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

### 7 RECEIVABLES AND OTHER ASSETS

	<b>31 March 2023 (Reviewed) BD</b>	31 December 2022 (Audited) BD
Subsidy receivable	1,151,374	3,647,669
Trade receivables	470,869	236,716
Advances to suppliers	500,213	219,307
Others	127,131	84,548
	<b>2,249,587</b>	4,188,240
Allowance for expected credit losses	<b>(51,500)</b>	(47,000)
	<b>2,198,087</b>	4,141,240

The movement in the allowance for expected credit losses is as follows:

	<b>Three-month period ended 31 March 2023 (Reviewed) BD</b>	Year ended 31 December 2022 (Audited) BD
At 1 January	47,000	47,000
Charge for the period / year	4,500	-
	<b>51,500</b>	47,000

### 8 TERM LOAN

The Company has obtained a loan during the period to finance the mill expansion project as well as other operating needs through a repo facility arrangement with a financial institution having an aggregate limit of BD 2,250,000 (the "Facility Amount"). The loan is secured against fixed income securities being the collateral and as per the arrangement the value of the collateral must always exceed the Facility Amount and a collateral ratio of 1.33x or a loan-to-value ratio ("LTV") of 75% is required to be maintained. The term loan is for 3 month period with a mutual option to rollover for further periods of 3 months indefinitely. The loan carries annual interest rate of 3M SOFR plus 2% being 6.87% per annum at 31 March 2023. Management of the Company intends to retain the loan for a period of seven years.

### 9 GOVERNMENT SUBSIDY RECEIVED IN ADVANCE

The Company has entered into an arrangement with the Ministry of Finance and National Economy to receive advance payment against the import of wheat which was previously financed through import finance loans. The advance will be adjusted against the subsidy on the sale of goods in the local market.

# Bahrain Flour Mills Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

### 10 REVENUE

Set out below is the disaggregation of the Company's revenue from contracts with customers

	<i>Three-month period ended</i>	
	<b>31 March 2023 (Reviewed) BD</b>	<i>31 March 2022 (Reviewed) BD</i>
<b>a) Type of goods</b>		
Flour	1,379,451	1,311,325
Bran	387,404	314,704
Special products	448,671	403,914
	<b>2,215,526</b>	2,029,943
<b>b) Geographical markets</b>		
Kingdom of Bahrain	2,156,359	1,902,812
Kingdom of Saudi Arabia	59,167	127,131
	<b>2,215,526</b>	2,029,943
<b>c) Timing of revenue recognition</b>		
Recorded at a point in time	<b>2,215,526</b>	2,029,943

### 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 conversion cost of BD 31 per ton for flour and a range of BD 98 to BD 145 per ton for special related products (2022: same) and the value of total sales of these products made during the period.

During the current period, the Government subsidy was granted on sale of imported flour in order to avoid any supply disruption to local customers during the shutdown for mill expansion project, covering the difference between the actual cost of flour imported and sold locally plus BD 7.5 per ton sold for all other related costs of flour sold locally, and the value of total local sales made of imported flour during the period.

The following table shows the details of Government subsidy:

	<i>Three-month period ended</i>	
	<b>31 March 2023 (Reviewed) BD</b>	<i>31 March 2022 (Reviewed) BD</i>
Actual cost of wheat purchased and used	5,440,859	4,530,205
Actual cost of flour purchased and sold	841,302	-
Plus: conversion cost per ton of wheat products sold locally	1,042,930	1,003,497
Plus: BD 7.5 per ton for execution fees to import and sell flour	25,893	-
	<b>7,350,984</b>	5,533,702
Gross sales subject to subsidy	<b>(2,183,484)</b>	(1,931,986)
	<b>5,167,500</b>	3,601,716

# Bahrain Flour Mills Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

### 11 GOVERNMENT SUBSIDY (continued)

Quantity sold during the period was 34,597 tons out of which 34,294 tons were subsidised and 303 tons were commercial sales (2022: 31,654 tons out of which 30,998 tons were subsidised and 656 tons were commercial sales).

### 12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss for the period attributed to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period and is as follows:

	<i>Three-month period ended</i>	
	<b>31 March</b>	<i>31 March</i>
	<b>2023</b>	<i>2022</i>
	<b>(Reviewed)</b>	<i>(Reviewed)</i>
	<b>BD</b>	<i>BD</i>
Net profit for the period	<b>512,840</b>	2,891,878
Weighted average number of equity shares in issue	<b>24,825,570</b>	24,825,570
Basic and diluted earnings per share (fils)	<b>21</b>	116

Basic and diluted earnings per share are the same since the Company has not issued any instruments that would have a dilutive effect.

### 13 RELATED PARTIES

Related parties represent shareholders, directors, 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 management and Board of Directors.

Being an entity under the control of the Government of the Kingdom of Bahrain, the Company qualifies as a government related entity under the definitions provided in IAS 24. Accordingly, the Company considers Government departments, ministries and other government controlled organizations as its related parties. The Company purchases electricity, avails short-term import loans, receives subsidy against the sale of goods in local market and receives other services from various Government, semi-Government organisations and other Government related entities in the Kingdom of Bahrain. Other than the subsidy and loan related transactions, all such other transactions are not considered to be individually significant in terms of size. All related party transactions and balances are in the normal course of business.

# Bahrain Flour Mills Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

### 13 RELATED PARTIES (continued)

Significant transactions with the Government and its related entities included in the interim condensed financial statements are as follows:

	<i>Three-month period ended</i>	
	<b>31 March 2023 (Reviewed) BD</b>	<i>31 March 2022 (Reviewed) BD</i>
<b>Government</b>		
Government subsidy	<b>5,167,500</b>	3,601,716
<b>Affiliates of Ultimate Parent</b>		
Finance cost on import finance loans	<b>25,416</b>	22,522
Interest income on bank balances	<b>180</b>	-
Other operating expenses	-	1,995
Repayment of import finance loan	<b>(2,477,937)</b>	(1,827,131)

Significant balances with the Government and its related entities included in the interim statement of financial position are as follows:

	<b>31 March 2023 (Reviewed) BD</b>	<i>31 December 2022 (Audited) BD</i>
	<b>Government</b>	
Subsidy receivable	<b>1,151,374</b>	3,647,669
Government subsidy received in advance	<b>6,698,439</b>	-
<b>Affiliates of Ultimate Parent</b>		
Import finance loans	<b>274</b>	2,478,211
Accrued interest on import finance loans	-	20,942
Bank balances / (Bank overdraft)	<b>267,495</b>	(969,490)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

**13 RELATED PARTIES (continued)**

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the three-month period ended is as follows:

	<i>Three-month period ended</i>	
	<b>31 March 2023 (Reviewed) BD</b>	<i>31 March 2022 (Reviewed) BD</i>
Board of Directors' remunerations accrued during the period	<b>15,000</b>	15,000
Directors' sitting fees	<b>32,200</b>	28,600
Directors' other expenses	<b>6,533</b>	1,352
<b>Key management personnel:</b>		
Salaries and short-term benefits	<b>85,539</b>	82,824
End of service benefits	<b>5,986</b>	2,665
	<b>145,258</b>	130,441

**14 CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

**Classification**

The details of classification of financial assets and liabilities held by the Company at the reporting date are as follows:

	<b>31 March 2023 (Reviewed)</b>		
	<i>Fair value through profit and loss BD</i>	<i>Amortised cost BD</i>	<i>Total carrying value BD</i>
<b>Financial assets</b>			
Investment securities	<b>10,968,457</b>	<b>1,539,094</b>	<b>12,507,551</b>
Receivables and other assets	-	<b>1,697,874</b>	<b>1,697,874</b>
Cash and bank balances	-	<b>7,031,047</b>	<b>7,031,047</b>
	<b>10,968,457</b>	<b>10,268,015</b>	<b>21,236,472</b>
	<b>31 December 2022 (Audited)</b>		
	<i>Fair value through profit and loss BD</i>	<i>Amortised cost BD</i>	<i>Total carrying value BD</i>
<b>Financial assets</b>			
Investment securities	10,824,052	1,541,475	12,365,527
Receivables and other assets	-	3,921,933	3,921,933
Cash and bank balances	-	5,698,048	5,698,048
	10,824,052	11,161,456	21,985,508

# Bahrain Flour Mills Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

### 14 CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	<b>31 March 2023 (Reviewed) BD</b>	<b>31 December 2022 (Audited) BD</b>
<b><i>Financial liabilities at amortised cost</i></b>		
Lease liabilities	<b>1,231,529</b>	1,246,884
Term loan	<b>1,085,950</b>	-
Trade payables and other liabilities	<b>1,090,983</b>	582,979
Import finance loans	<b>274</b>	8,169,905
Bank overdraft	<b>1,008</b>	1,847,514
	<b>3,409,744</b>	11,847,282

#### **Fair value measurement**

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.

#### **Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the interim condensed financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

#### **Fair value of investment securities at fair value through profit or loss**

Fair values of quoted equity investments and funds are derived from quoted prices in active markets. The fair values are categorized into level 1 of the fair value hierarchy. There were no transfers between the different levels of the fair value hierarchy during the current period and prior year.

**14 CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS  
(continued)**

***Fair value of other financial instruments***

The fair values of other financial instruments are estimated based on the following methods and assumptions:

- a) Cash, bank balances, bank overdraft, receivables and other assets, import finance loans, term loan, trade payables and other liabilities approximate their carrying amounts largely due to the short-term maturities.
- b) Lease liabilities and debt securities are evaluated by the Company based on parameters such as interest rates. At the reporting date, the carrying amounts are not materially different from their fair values.

**15 APPROPRIATIONS**

At the Annual General Meeting of the shareholders held on 28 March 2023, a final cash dividend of 25 fils per share totalling BD 620,640 and charity of BD 25,000 for the year ended 31 December 2022 were declared (31 March 2022: At the Annual General Meeting of the shareholders held on 27 March 2022, a final cash dividend of 25 fils per share totalling BD 620,640 and charity of BD 20,000 for the year ended 31 December 2021 was declared).

The directors' remuneration of BD 60,000 for the financial year ended 31 December 2022 (2021: BD 60,000) was also approved by the shareholders at the Annual General Meeting held on 28 March 2023.

**16 COMMITMENTS AND CONTINGENCIES**

At 31 March 2023, the Company had contingent liabilities in respect of the bank guarantees amounting to BD 500 (31 December 2022: BD 500) from which is anticipated that no material liabilities will arise.

**17 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 predominately 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 the interim condensed financial statements.