

# Bahrain Flour Mills Company B.S.C.

## INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 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 (C) 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 30 September 2023, comprising of the interim statement of financial position as at 30 September 2023 and the related interim statement of comprehensive income for the three and nine-month periods then ended, and the interim statements of cash flows and changes in equity for the nine-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 34 *Interim Financial Reporting* ("IAS 34"). 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 nine-month period ended 30 September 2022, were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion dated 22 February 2023 and an unmodified review conclusion dated 8 November 2022 respectively on those financial statements.



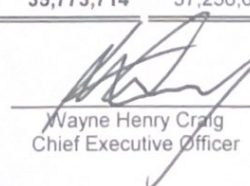
13 November 2023  
Manama, Kingdom of Bahrain

**Bahrain Flour Mills Company B.S.C.**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
 At 30 September 2023

	Notes	30 September 2023 (Reviewed) BD	31 December 2022 (Audited) BD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,699,542	5,172,814
Right-of-use assets		1,170,217	1,240,334
Investment securities	6	2,302,293	1,541,475
		<u>9,172,052</u>	<u>7,954,623</u>
<b>Current assets</b>			
Investment securities	6	11,723,702	10,824,052
Inventories		5,674,593	8,618,655
Receivables and other assets	7	1,331,672	4,141,240
Bank balances, short-term deposits and cash		7,871,695	5,698,048
		<u>26,601,662</u>	<u>29,281,995</u>
<b>TOTAL ASSETS</b>		<u><b>35,773,714</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		17,643,801	16,683,756
<b>Total equity</b>		<u>26,180,931</u>	<u>25,220,886</u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		134,097	113,004
Lease liabilities - non-current portion		1,166,804	1,185,464
		<u>1,300,901</u>	<u>1,298,468</u>
<b>Current liabilities</b>			
Lease liabilities - current portion		61,900	61,420
Term loan	8	1,273,775	-
Trade payables and other liabilities		2,086,951	638,425
Advance received from the Government	9	4,869,256	-
Import finance loans		-	8,169,905
Bank overdraft		-	1,847,514
		<u>8,291,882</u>	<u>10,717,264</u>
<b>Total liabilities</b>		<u>9,592,783</u>	<u>12,015,732</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>35,773,714</b></u>	<u><b>37,236,618</b></u>

  
 Basim AlSaie  
 Chairman


  
 Salah Mohamed Al Kulaib  
 Vice Chairman

  
 Wayne Henry Craig  
 Chief Executive Officer

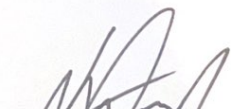
The accompanying notes 1 to 18 form part of these interim condensed financial statements.

**Bahrain Flour Mills Company B.S.C.**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
For the period ended 30 September 2023 (Reviewed)

	Notes	Three-month period ended		Nine-month period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		BD	BD	BD	BD
Revenue	10	1,655,535	1,809,601	5,722,937	5,601,758
Cost of revenue		(5,554,423)	(5,802,610)	(17,815,562)	(15,712,123)
<b>Gross loss before Government subsidy</b>		<b>(3,898,888)</b>	<b>(3,993,009)</b>	<b>(12,092,625)</b>	<b>(10,110,365)</b>
Government subsidy	11	4,143,745	4,378,947	13,486,877	11,399,855
<b>Gross profit</b>		<b>244,857</b>	<b>385,938</b>	<b>1,394,252</b>	<b>1,289,490</b>
Other operating income		95,809	30,515	227,138	56,965
Other operating expenses		(374,348)	(291,704)	(1,104,798)	(959,904)
Allowance for expected credit losses		(13,500)	-	(31,500)	-
<b>Operating (loss) / profit</b>		<b>(47,182)</b>	<b>124,749</b>	<b>485,092</b>	<b>386,551</b>
Net change in fair value of investment securities at fair value through profit or loss		(9,375)	23,049	899,650	1,113,511
Interest income from investment securities at amortised cost - net		35,725	5,959	73,935	5,959
Finance cost		(21,137)	(7,313)	(67,831)	(31,050)
Other income		102,093	26,938	214,839	80,432
<b>Net profit and total comprehensive income for the period</b>		<b>60,124</b>	<b>173,382</b>	<b>1,605,685</b>	<b>1,555,403</b>
<b>Basic and diluted earnings per share (fils)</b>	12	<b>2.42</b>	<b>6.98</b>	<b>64.68</b>	<b>62.65</b>

  
\_\_\_\_\_  
Basim AlSaie  
Chairman

  
\_\_\_\_\_  
Salah Mohamed Al Kulaib  
Vice Chairman

  
\_\_\_\_\_  
Wayne Henry Craig  
Chief Executive Officer

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

# Bahrain Flour Mills Company B.S.C.

## INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 September 2023 (Reviewed)

	<i>Nine-month period ended</i>	
	<b>30 September 2023 BD</b>	<i>30 September 2022 BD</i>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	<b>1,605,685</b>	1,555,403
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	<b>310,064</b>	324,745
Depreciation on right-of-use-assets	<b>70,117</b>	38,570
Net change in fair value of investment securities at fair value through profit or loss	<b>(899,650)</b>	(1,113,511)
Interest income from investment securities at amortised cost- net	<b>(73,935)</b>	(5,959)
Interest income from bank balances and short-term deposits	<b>(154,057)</b>	(4,967)
Finance cost	<b>67,831</b>	31,050
Provision for slow moving and obsolete inventories	<b>75,609</b>	15,419
Charge for expected credit losses	<b>31,500</b>	-
Provision for employees' end of service benefits	<b>21,821</b>	32,004
Operating profit before working capital changes	<b>1,054,985</b>	872,754
Working capital changes:		
Inventories	<b>2,847,286</b>	(594,542)
Receivables and other assets	<b>2,877,321</b>	401,112
Trade payables and other liabilities	<b>1,430,705</b>	274,895
Net cash generated from operations	<b>8,210,297</b>	954,219
Employees' end of service benefits paid	<b>(728)</b>	(28,027)
Net cash flows from operating activities	<b>8,209,569</b>	926,192
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(785,992)</b>	(100,760)
Purchase of investment securities at amortised cost	<b>(768,251)</b>	(1,545,107)
Proceeds from sale of investment securities at fair value through profit or loss	-	3,770,000
Interest income received from investment securities at amortised cost-	<b>24,967</b>	3,700
Interest income received from bank balances and short-term deposits	<b>111,205</b>	4,967
Net cash flows (used in) / from investing activities	<b>(1,418,071)</b>	2,132,800
<b>FINANCING ACTIVITIES</b>		
Repayment of import finance loans	<b>(8,169,905)</b>	(11,930,914)
Import finance loans availed	-	14,333,518
Term loan availed	<b>1,273,775</b>	-
Advance received from the Government	<b>4,869,256</b>	-
Finance cost paid	<b>(84,392)</b>	(31,050)
Payment of principal portion of lease liabilities	<b>(38,431)</b>	(24,192)
Dividend paid	<b>(620,640)</b>	(620,620)
Net cash flows (used in) / from financing activities	<b>(2,770,337)</b>	1,726,742
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>4,021,161</b>	4,785,734
Cash and cash equivalents at 1 January	<b>3,850,534</b>	96,192
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>7,871,695</b>	4,881,926
<b>Comprising:</b>		
Cash on hand	<b>1,377</b>	1,470
Bank balances	<b>2,551,816</b>	5,502,388
Short-term deposits	<b>5,318,502</b>	-
Bank overdraft	-	(621,932)
	<b>7,871,695</b>	4,881,926
<b>Non-cash items:</b>		
- Capitalization of borrowing cost amounting to BD 50,800 (30 September 2022: nil) has been excluded from purchase of property, plant and equipment.		
- Donation amounting to BD 21,167 (30 September 2022: BD 19,200) has been excluded from the movement in inventories.		

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

# Bahrain Flour Mills Company B.S.C.

## INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 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	<b>25,220,886</b>
Net profit and total comprehensive income for the period		-	-	-	-	1,605,685	<b>1,605,685</b>
Charity approved for 2022	15	-	-	-	-	(25,000)	<b>(25,000)</b>
Dividends for 2022	15	-	-	-	-	(620,640)	<b>(620,640)</b>
<b>At 30 September 2023</b>		<b>2,481,877</b>	<b>1,350,000</b>	<b>1,241,625</b>	<b>3,463,628</b>	<b>17,643,801</b>	<b>26,180,931</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		-	-	-	-	1,555,403	1,555,403
Charity approved for 2021	15	-	-	-	-	(20,000)	(20,000)
Dividends for 2021	15	-	-	-	-	(620,620)	(620,620)
At 30 September 2022		2,481,877	1,350,000	1,241,625	3,463,628	16,816,578	25,353,708

The accompanying notes 1 to 18 form part of these interim condensed financial statements.

At 30 September 2023

### 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 nine-month period ended 30 September 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").

The interim condensed financial statements were authorised for issue by the Board of Directors on 13 November 2023.

### 2 MATERIAL ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed financial statements for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

The interim condensed financial statements have been prepared under the historical cost convention except for certain investments securities which are accounted for at fair value through profit or loss.

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 nine-month period ended 30 September 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;*

At 30 September 2023

**2 MATERIAL 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**

Property, plant and equipment includes capital work-in-progress of BD 3,836,833 at 30 September 2023 (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>30 September 2023 (Reviewed) BD</b>	<i>31 December 2022 (Audited) BD</i>
Investment securities at amortised cost	<b>2,302,293</b>	1,541,475
Investment securities at fair value through profit or loss	<b>11,723,702</b>	10,824,052
	<b>14,025,995</b>	12,365,527

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



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2023

**7 RECEIVABLES AND OTHER ASSETS**

	<b>30 September 2023 (Reviewed) BD</b>	<i>31 December 2022 (Audited) BD</i>
Subsidy receivable	-	3,647,669
Trade receivables	<b>214,125</b>	236,716
Advances to suppliers	<b>887,913</b>	219,307
Others	<b>308,134</b>	84,548
	<b>1,410,172</b>	4,188,240
Allowance for expected credit losses	<b>(78,500)</b>	(47,000)
	<b>1,331,672</b>	4,141,240

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

	<b>Nine-month period ended 30 September 2023 (Reviewed) BD</b>	<i>Year ended 31 December 2022 (Audited) BD</i>
At 1 January	<b>47,000</b>	47,000
Charge for the period / year	<b>31,500</b>	-
	<b>78,500</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 Board of Directors has decided to utilise the proceeds from the term loan to finance the mill expansion project only. 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 a three-month period with a mutual option to rollover for further periods of three months indefinitely. The loan carries annual interest rate of 3 month SOFR plus 2% being 7.24% per annum at 30 September 2023. Management of the Company intends to rollover the loan until 2030.

**9 ADVANCE RECEIVED FROM THE GOVERNMENT**

The Company has entered into an arrangement with the Ministry of Finance and National Economy, on behalf of the Government, to receive advance payment against the import of wheat which was previously financed through import finance loans. The main purpose of such advance payment is to support the payment of wheat shipments. This is a new funding mechanism and is currently being evaluated by the parties involved. The advance is also adjusted against the subsidy on the sale of goods in the local market; as at 30 September 2023 BD 14,112,582 (31 December 2022: nil) of advance received from the Government has been adjusted against the subsidy.

# Bahrain Flour Mills Company B.S.C.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2023

### 10 REVENUE

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

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<b>30 September</b>	<i>30 September</i>	<b>30 September</b>	<i>30 September</i>
	<b>2023</b>	<i>2022</i>	<b>2023</b>	<i>2022</i>
	<b>(Reviewed)</b>	<i>(Reviewed)</i>	<b>(Reviewed)</b>	<i>(Reviewed)</i>
	<b>BD</b>	<i>BD</i>	<b>BD</b>	<i>BD</i>
<b>a) Type of goods</b>				
Flour	<b>1,181,973</b>	1,272,389	<b>3,805,891</b>	3,834,317
Bran	<b>271,705</b>	324,931	<b>1,036,489</b>	985,601
Special products	<b>201,857</b>	212,281	<b>880,557</b>	781,840
	<b>1,655,535</b>	1,809,601	<b>5,722,937</b>	5,601,758
<b>b) Geographical markets</b>				
Kingdom of Bahrain	<b>1,655,535</b>	1,763,211	<b>5,663,770</b>	5,381,847
Kingdom of Saudi Arabia	-	46,390	<b>59,167</b>	219,911
	<b>1,655,535</b>	1,809,601	<b>5,722,937</b>	5,601,758
<b>c) Timing of revenue recognition</b>				
Recorded at a point in time	<b>1,655,535</b>	1,809,601	<b>5,722,937</b>	5,601,758

### 11 GOVERNMENT SUBSIDY

Government subsidy is available for most of the Company's products sold locally and is calculated as the difference between the actual cost of wheat purchased and used for local sales plus conversion cost of BD 31 per ton for flour and a range of BD 98 to BD 145 per ton for special products (2022: same) and the value of sales of these products made during the period.

During the period, the Government subsidy was also 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 local sales of imported flour made during the period.

The following table shows the details of Government subsidy:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<b>30 September</b>	<i>30 September</i>	<b>30 September</b>	<i>30 September</i>
	<b>2023</b>	<i>2022</i>	<b>2023</b>	<i>2022</i>
	<b>(Reviewed)</b>	<i>(Reviewed)</i>	<b>(Reviewed)</b>	<i>(Reviewed)</i>
	<b>BD</b>	<i>BD</i>	<b>BD</b>	<i>BD</i>
Actual cost of wheat purchased and used	<b>4,887,450</b>	5,124,110	<b>14,589,120</b>	13,793,799
Actual cost of flour purchased and sold	-	-	<b>1,687,325</b>	-
Plus: conversion cost per ton of wheat products sold locally	<b>916,702</b>	931,357	<b>2,856,135</b>	2,852,412
Plus: BD 7.5 per ton for execution fees to import and sell flour	-	-	<b>55,717</b>	-
	<b>5,804,152</b>	6,055,467	<b>19,188,297</b>	16,646,211
Gross sales subject to subsidy	<b>(1,660,407)</b>	(1,676,520)	<b>(5,701,420)</b>	(5,246,356)
	<b>4,143,745</b>	4,378,947	<b>13,486,877</b>	11,399,855

**11 GOVERNMENT SUBSIDY (continued)**

Quantity sold during the nine-month period was 95,341 tons out of which 94,917 tons were subsidised and 424 tons were commercial sales (30 September 2022: 90,672 tons out of which 88,756 tons were subsidised and 1,916 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>		<i>Nine-month period ended</i>	
	<b>30 September 2023 (Reviewed)</b>	<i>30 September 2022 (Reviewed)</i>	<b>30 September 2023 (Reviewed)</b>	<i>30 September 2022 (Reviewed)</i>
Net profit for the period (BD)	<b>60,124</b>	173,382	<b>1,605,685</b>	1,555,403
Weighted average number of equity shares in issue	<b>24,825,570</b>	24,825,570	<b>24,825,570</b>	24,825,570
Basic and diluted earnings per share (fils)	<b>2.42</b>	6.98	<b>64.68</b>	62.65

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 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 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 International Accounting Standard 24 *Related Party Disclosures* ("IAS 24"). Accordingly, the Company considers Government departments, ministries and other government controlled organizations as its related parties. The Company purchases electricity, receives subsidy against the sale of goods in the 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, 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.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2023

**13 RELATED PARTIES (continued)**

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

	<i>Nine-month period ended</i>	
	<b>30 September 2023 (Reviewed) BD</b>	<i>30 September 2022 (Reviewed) BD</i>
<b>Government</b>		
Government subsidy	<b>13,486,877</b>	11,399,855
Other operating income	<b>227,138</b>	56,965
<b>Affiliates of Ultimate Parent</b>		
Finance cost on import finance loans	<b>25,416</b>	32,000
Interest income on bank balances and short-term deposits	<b>7,140</b>	283
Other operating expenses	<b>4,515</b>	6,179
Repayment of import finance loan	<b>2,478,212</b>	3,667,094

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

	<b>30 September 2023 (Reviewed) BD</b>	<i>31 December 2022 (Audited) BD</i>
<b>Government</b>		
Subsidy receivable	-	3,647,669
Advance received from the Government	<b>4,869,256</b>	-
Other liabilities	<b>1,411,677</b>	-
<b>Affiliates of Ultimate Parent</b>		
Import finance loans	-	2,478,211
Accrued interest on import finance loans	-	20,942
Bank balances and short-term deposits	<b>785,925</b>	-
Bank overdraft	-	969,490

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2023

**13 RELATED PARTIES (continued)****Compensation of key management personnel**

The remuneration of directors and other members of key management included in the interim condensed financial statements are as follows:

	<i>Nine-month period ended</i>	
	<b>30 September 2023 (Reviewed) BD</b>	<i>30 September 2022 (Reviewed) BD</i>
<b>Board of Directors:</b>		
Remunerations accrued during the period	45,000	45,000
Sitting fees	60,800	54,200
Other expenses	23,827	14,777
<b>Key management personnel:</b>		
Salaries and short-term benefits	320,436	317,286
End of service benefits	12,941	9,434
	<b>463,004</b>	<b>440,697</b>

The balances of remuneration payable to members of key management included in the interim statement of financial position are as follows:

	<b>30 September 2023 (Reviewed) BD</b>	<i>31 December 2022 (Audited) BD</i>
Salaries and short-term benefits	13,850	5,146
End of service benefits	70,552	57,990
	<b>84,402</b>	<b>63,136</b>

**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>30 September 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	11,723,702	2,302,293	14,025,995
Receivables and other assets	-	443,759	443,759
Bank balances, short-term deposits and cash	-	7,871,695	7,871,695
	<b>11,723,702</b>	<b>10,617,747</b>	<b>22,341,449</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2023

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

	<i>31 December 2022 (Audited)</i>		
	<i>Fair value through profit and loss</i>	<i>Amortised cost</i>	<i>Total carrying value</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
<i>Financial assets</i>			
Investment securities	10,824,052	1,541,475	12,365,527
Receivables and other assets	-	3,921,933	3,921,933
Bank balances, short-term deposits and cash	-	5,698,048	5,698,048
	<u>10,824,052</u>	<u>11,161,456</u>	<u>21,985,508</u>
	<b>30 September 2023 (Reviewed) BD</b>	<b>31 December 2022 (Audited) BD</b>	
<i>Financial liabilities at amortised cost</i>			
Lease liabilities	<b>1,228,704</b>	1,246,884	
Term loan	<b>1,273,775</b>	-	
Trade payables and other liabilities	<b>620,859</b>	582,979	
Import finance loans	-	8,169,905	
Bank overdraft	-	1,847,514	
	<u><b>3,123,338</b></u>	<u>11,847,282</u>	

**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.

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

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

Fair values of quoted equity investments and fund 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.

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

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

- a) Bank balances, short-term deposits and cash, bank overdraft, receivables and other assets, import finance loans, term loan and trade payables and other liabilities approximate their carrying amounts at the reporting date largely due to the short-term maturities of these instruments.
- b) Lease liabilities and investment securities at amortised cost 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 (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 620,620 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**

At 30 September 2023, the Company had contractual commitments to incur construction costs relating to the mill expansion project amounting to BD 253,813 (31 December 2022: BD 1,043,941) which are due within one year.

**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.

**18 COMPARATIVE INFORMATION**

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period. Such reclassifications did not affect the previously reported net profit or the total equity, assets, and liabilities of the Company.