Bahrain Flour Mills Company B.S.C.

REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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)

AL-MATAHIN

Bahrain Flour Mills Company B.S.C (Al-Matahin)
Board of Directors Report for the year ending 31 December 2023

Dear Shareholders,

On behalf of the Board of Directors of Bahrain Flour Mills Company B.S.C. (**Al-Matahin**), I am pleased to present to you the annual report for the fiscal year ending 31 December 2023.

Company Performance:

In light of the current conditions and supply chain disruptions due to the Russian-Ukrainian crisis and the continuation of the war in the Black Sea region, which has led to increased levels of risks surrounding global food security, Bahrain Flour Mills Company has proudly continued its work without stopping by taking serious measures and developing proactive plans by securing wheat shipments in advance. By the grace of God, and then the Board of Directors and the Executive Management of the Company, the Company was able to overcome these difficulties and provide this important commodity to our beloved Kingdom.

Due to the high demand for the Company's products, the company increased its sales volume by 3% driving to increase in sales value by 1%, The company is continuing the expansion plan of the mill to increase production capacity to reach 520 metric tons per day, by adding a new production line with the latest technologies in manufacturing flour products. This expansion is expected to be completed by the first quarter of 2024.

Overall, Al-Matahin achieved a net profit for the year amounting to BD 2,501,179. In line with the results achieved, the Board of Directors has made the following recommendations to the shareholders for the year ending 31 December 2023:

- Distribute cash dividends to shareholders at the rate of 25 fils per share (or 25% of the paid-up capital) totaling BD 620,620.
- Allocate an amount of BD 60,000 as a remuneration for the members of the Board of Directors
- Allocate an amount of BD 25,000 for charitable works
- Transfer an amount of BD 1,855,559 to the Retained Earnings Account.

BAHRAIN FLOUR MILLS Co. شركة البحرين لمطاحن الدقيق
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Company Directions and Future Plans:

As we move into a new year the Board of Directors and the Executive Management at Al-Matahin are as determined as ever to continue developing and expanding the company's activities and ensuring that we are well placed to serve Bahrain's flour requirements for years to come. We also remain committed to adhering to the highest standards in governance, the implementation of control policies and internal systems, and the application of quality across the company's health and safety systems. The collective aim of which is to ensure the preservation of the company's leading market position and the fulfillment of its commitment to maintaining ample flour supply for our beloved Kingdom. The company also remains committed to implementing its plans to modernize its manufacturing facility.

In 2023, the Board of Directors and Executive Management of Al-Matahin embarked on a strategic initiative to develop future plans aimed at reinforcing the company's pivotal role in supporting the Kingdom's food security objectives. This initiative reflects our commitment to innovation and excellence in meeting the evolving needs of our community and ensuring a sustainable food supply for future generations.

Social Responsibility:

Our social priorities are focused on supporting the community that we are a part of. As such:

1- The Cooperation with the Royal Humanitarian Foundation is still ongoing, as the company has donated approximately 8,000 Ramadan baskets to be distributed to needy families during the holy month of Ramadan.

2- As an expression of its pride in the care, support and services provided by (Alia Center for Early Intervention) for people with special needs and for age groups from 5 to 20 years, especially (autistic patients), the company participated in the center's celebration on the occasion of Bahrain National Day, by distributing gifts to the center students during the ceremony. In addition, BFM donated some of the company's products on a monthly basis to support the center's project to train patients with autism spectrum disorders of all age groups in the arts of baking and cooking.

3- The company also donated an amount of 4,580 Bahraini dinars to the Bahraini Red Crescent Society as urgent relief assistance to the Syrian people for their emergency living needs thanking them for their humanitarian work.

BAHRAIN FLOUR MILLS Co. شركة البحرين لمطاحن الدقيق
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AL-MATAHIN

المطاحن

Thanks and Gratitude:

On behalf of myself and the Board of Directors and the Shareholders, I would like to express our greatest and most sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa, The King of the Kingdom of Bahrain, and His Royal Highness Prince Salman bin Hamad Al Khalifa, The Crown Prince, Deputy Supreme Commander and Prime Minister for their tremendous leadership, wisdom, and support.

We also would like to extend our thanks to the Ministers, agents, managers, and heads of departments in the Ministries and Government organizations of the Kingdom for their wise guidance, cooperation, and continuous support.

We also assure you that the company's success is not possible without the hard work and dedication of its management and staff, and extend our many thanks, appreciation, and gratitude to the management of the company and all its employees for their dedication and hard work which has led to these achievements and assured the best possible results for 2023. We are fortunate to have such a committed and outstanding team and we are confident that this organization will continue to achieve success in the future.

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As part of the Company's obligation to maintain utmost transparency with our valued shareholders, we are pleased to attach the table below that shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31 December 2023:

First: Board of Directors' Remuneration Details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors:													
1- Basim Mohammed AlSaie		9,000	-	-	9,000	-	-	-	-	-	-	9,000	-
2- Salah Mohammed Al Kulaib	8,518	11,900	-	-	20,418	-	-	-	-	-	-	20,418	-
3- Ayman Abdulhameed Zainal	8,518	7,000	-	-	15,518	-	-	-	-	-	-	15,518	-
4- Eyad Redha Faraj	8,518	10,400	-	-	18,918	-	-	-	-	-	-	18,918	-
5- Raghdan Saleh Qassim	8,518	14,500	-	-	23,018	-	-	-	-	-	-	23,018	-
Second: Non-Independent Directors:													
6- Ahmad Mazhar	1,111	10,500	-	-	11,611	-	-	-	-	-	-	11,611	-
7- Wael Etani	-	3,000	-	-	3,000	-	-	-	-	-	-	3,000	-
8- Fahad Al Mudhahka	-	6,000			6,000							6,000	
Third: Directors Membership utpo March 2023 end													
9- Marwan Tabbara	15,188	4,200			19,388	-	-	-	-	-	-	19,388	-
10- Khalid Aljassim	8,518	4,700			13,218	-	-	-	-	-	-	13,218	-
11- Basel Ghali	1,111	2,000			3,111	-	-	-	-	-	-	3,111	-
Fourth: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	60,000	83,200	-	-	143,200	-	-	-	-	-	-	143,200	-

BAHRAIN FLOUR MILLS Co. شركة البحرين لمطاحن الدقيق
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AL-MATAHIN المطاحن

Second: Executive Management Remuneration Details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	331,242	62,440	11,556	**405,238**
Other remunerations: ** It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).* *** It includes the board member's share of the profits - Granted shares (insert the value) (if any).*				
Notes: 1. Disclosure is for the top 6 executives who are employees of the entity as on the reporting date.				

Basim Mohammed AlSaie
Chairman

27 February 2024

BAHRAIN FLOUR MILLS Co. شركة البحرين لمطاحن الدقيق
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Building a better
working world

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C.R. No. 29977-1

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN FLOUR MILLS COMPANY B.S.C.

Report on the Audit of the financial statements

Opinion
We have audited the financial statements of Bahrain Flour Mills Company B.S.C. (the "Company") which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Report on the Audit of the financial statements (continued)

Key audit matters (continued)

Government subsidy
Refer to note 2 for the Government subsidy policy and note 18 on disclosures of the Government subsidy in the financial statements.

Key audit matter	***How our audit addressed the key audit matter***
The Company's products are subsidised by the Government of the Kingdom of Bahrain (the "Government"). The Government subsidy recorded in the statement of comprehensive income amounts to BD 17,849,307. We considered this as a key audit matter because of the significance of the subsidy amount representing 70% of the total income from operations, and importance of the subsidy to the business.	Our audit procedures in this area included, among others: (i)assessing whether the subsidy recorded by the Company is in accordance with the memorandum of agreement with the Government by verifying all the inputs used in the calculation of the subsidy; (ii)inspecting the invoices to ensure that the Government subsidy is claimed as per actual entitlement; (iii)agreeing the receipts of the Government subsidy to the Company's bank statements and ensuring that the subsidy receivable / payable balance is correctly recorded; (iv)agreeing the subsequent payment of amount due to the Government to the Company's bank statement ; and (v)assessing the sufficiency and appropriateness of the financial statements disclosures related to the subsidy.

Other matter
The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 February 2023.

Other information included in the Company's 2023 annual report
Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the Report of the Board of Directors which form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Report on the Audit of financial statements (continued)

Other information included in the Company's 2023 annual report (continued)
In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN FLOUR MILLS COMPANY B.S.C. (continued)

Report on the Audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN FLOUR MILLS COMPANY B.S.C. (continued)

Report on Other Legal and Regulatory Requirements

We report that:

a) as required by the Bahrain Commercial Companies Law:

   i) the Company has maintained proper accounting records and the financial statements are in agreement therewith;

   ii) the financial information contained in the Report of the Board of Directors is consistent with the financial statements; and

   iii) satisfactory explanations and information have been provided to us by management in response to all our requests.

b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and the CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company’s memorandum and articles of association during the year ended 31 December 2023 that might have had a material adverse effect on the business of the Company or on its financial position.

c) as required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:

   i) has appointed a Corporate Governance Officer; and
   ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor’s report is Kazim Merchant.

Ernst + Young

Partner's Registration No. 244
27 February 2024
Manama, Kingdom of Bahrain

Bahrain Flour Mills Company B.S.C.

STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 BD	2022 BD
ASSETS			
Non-current assets			
Property, plant and equipment	4	**6,997,749**	5,172,814
Right-of-use assets	5	**1,205,026**	1,240,334
Investment securities	6	**1,889,001**	1,541,475
		10,091,776	7,954,623
Current assets			
Investment securities	6	**13,316,344**	10,824,052
Inventories	7	**4,602,714**	8,618,655
Receivables and other assets	8	**473,940**	4,127,326
Bank balances, short-term deposits and cash	9	**7,064,161**	5,698,048
		25,457,159	29,268,081
TOTAL ASSETS		**35,548,935**	37,222,704
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**2,481,877**	2,481,877
Share premium		**1,350,000**	1,350,000
Statutory reserve	10	**1,241,625**	1,241,625
Other reserves	10	**3,463,628**	3,463,628
Retained earnings		**18,539,295**	16,683,756
Total equity		**27,076,425**	25,220,886
Non-current liabilities			
Employees' end of service benefits	11	**153,320**	113,004
Lease liabilities - non-current portion	5	**1,196,722**	1,185,464
		1,350,042	1,298,468
Current liabilities			
Lease liabilities - current portion	5	**54,790**	61,420
Term loan	12	**1,832,871**	-
Trade payables and other liabilities	13	**941,170**	624,511
Import finance loans	14	**2,210,479**	8,169,905
Amount due to the Government	15	**2,083,158**	-
Bank overdraft	9	**-**	1,847,514
		7,122,468	10,703,350
Total liabilities		**8,472,510**	12,001,818
TOTAL EQUITY AND LIABILITIES		**35,548,935**	37,222,704

Basim AlSaie Chairman	Salah Mohamed Al Kulaib Vice Chairman	Wayne Henry Craig Chief Executive Officer

The accompanying notes 1 to 31 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023 BD**	*2022 BD*
Revenue	16	**7,677,225**	7,634,836
Cost of revenue	17	**(23,841,246)**	(22,347,829)
Gross loss before government subsidy		**(16,164,021)**	(14,712,993)
Government subsidy	18	**17,849,307**	16,517,912
Gross profit		**1,685,286**	1,804,919
Other operating income		**402,044**	89,575
Other operating expenses	19	**(1,553,341)**	(1,192,180)
Charge for expected credit losses	8	**(45,000)**	-
Operating profit		**488,989**	702,314
Net change in fair value of investment securities at fair value through profit or loss	6	**1,734,232**	595,945
Interest income from investment securities at amortised cost - net	20	**117,135**	23,382
Finance cost	21	**(179,974)**	(53,450)
Other income	22	**340,797**	154,410
Net profit and total comprehensive income for the year		**2,501,179**	1,422,601
Basic and diluted earnings per share (fils)	23	**100.75**	57.30

Basim AlSaie
Chairman

Salah Mohamed Al Kulaib
Vice Chairman

Wayne Henry Craig
Chief Executive Officer

The accompanying notes 1 to 31 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	**2023**	2022
		BD	BD
OPERATING ACTIVITIES			
Net profit for the year		**2,501,179**	1,422,601
Adjustments for:			
Depreciation on property, plant and equipment	4	**413,354**	430,874
Depreciation on right-of-use-assets	5	**91,433**	54,949
Net change in fair value of investment securities at fair value through profit or loss	6	**(1,734,232)**	(595,945)
Interest income from investment securities at amortised cost- net	20	**(117,135)**	(23,382)
Interest income from bank balances and short-term deposits	22	**(254,381)**	(33,716)
Finance cost	21	**179,974**	53,450
Charge for slow moving and obsolete inventories	17	**34,746**	14,846
Gain on sale of property, plant and equipment		**-**	(12,291)
Charge for expected credit losses	8	**45,000**	-
Provision for employees' end of service benefits	11	**41,044**	34,227
Operating profit before working capital changes		**1,200,982**	1,345,613
Working capital changes:			
Inventories		**3,960,028**	24,242
Receivables and other assets		**3,651,929**	(1,639,837)
Trade payables and other liabilities		**284,965**	116,895
Net cash generated from / (used in) operations		**9,097,904**	(153,087)
Employees' end of service benefits paid	11	**(728)**	(24,861)
Net cash flows from / (used in) operating activities		**9,097,176**	(177,948)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,160,485)**	(245,651)
Purchase of investment securities at amortised cost		**(1,114,922)**	(1,545,106)
Proceeds from sale of property, plant and equipment		**-**	12,399
Proceeds from sale of investment securities at fair value through profit or loss		**-**	3,769,999
Interest income received from investment securities at amortised cost- net		**113,855**	2,854
Interest income received from bank balances and short-term deposits		**223,454**	33,716
Net cash flows (used in) / from investing activities		**(2,938,098)**	2,028,211

The accompanying notes 1 to 31 form part of financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

	Notes	***2023***	*2022*
		BD	*BD*
FINANCING ACTIVITIES			
Repayment of import finance loans	14	**(9,259,374)**	(17,080,865)
Import finance loans availed	14	**3,299,948**	19,695,322
Term loan availed		**1,832,871**	-
Amount due to the Government		**2,083,158**	-
Finance cost paid		**(223,687)**	(53,450)
Payment of principal portion of lease liabilities		**(57,727)**	(36,288)
Dividend paid		**(620,640)**	(620,640)
Net cash flows (used in) / from financing activities		**(2,945,451)**	1,904,079
NET CHANGE IN CASH AND CASH EQUIVALENTS		**3,213,627**	3,754,342
Cash and cash equivalents at 1 January		**3,796,119**	41,777
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	**7,009,746**	3,796,119

Non-cash items:

- Capitalization of borrowing cost amounting to BD 77,804 (31 December 2022: nil) has been excluded from purchase of property, plant and equipment.
- Donation given as flour baskets amounting to BD 21,167 (31 December 2022: BD 19,200) has been excluded from the movement in inventories.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

				Reserves			
	Note	***Share capital BD***	***Share premium BD***	***Statutory reserve BD***	***Other reserves BD***	***Retained earnings BD***	***Total 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 year		**-**	**-**	**-**	**-**	**2,501,179**	**2,501,179**
Charity approved for 2022	27	**-**	**-**	**-**	**-**	**(25,000)**	**(25,000)**
Dividends for 2022	27	**-**	**-**	**-**	**-**	**(620,640)**	**(620,640)**
At 31 December 2023		**2,481,877**	**1,350,000**	**1,241,625**	**3,463,628**	**18,539,295**	**27,076,425**

				Reserves			
		Share capital BD	*Share premium BD*	*Statutory reserve BD*	*Other reserves BD*	*Retained earnings BD*	*Total 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 year		-	-	-	-	1,422,601	1,422,601
Charity approved for 2021	27	-	-	-	-	(20,000)	(20,000)
Dividends for 2021	27	-	-	-	-	(620,640)	(620,640)
At 31 December 2022		2,481,877	1,350,000	1,241,625	3,463,628	16,683,756	25,220,886

The accompanying notes 1 to 31 form part of these financial statements.

1 CORPORATE INFORMATION AND ACTIVITIES

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 financial statements comprise the results of the Company for the year ended 31 December 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 financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2024.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention except for investment securities at fair value through profit or loss carried at fair values.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards "(IFRS)", as issued by the International Accounting Standards Board "(IASB)", and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain "(CBB)" Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions and the rules and procedures of the Bahrain Bourse.

Functional and presentation currency

The financial statements have been presented in Bahraini Dinars "(BD)" which is the functional and presentation currency of the Company.

New and amended standards and interpretations effective from 1 January 2023

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the previous year, except for certain standards and amendments to standards adopted by the Company as of 1 January 2023. The Company has not early adopted any new and amended standards and interpretations that has been issued but is not yet effective.

- *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;*

2 MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective from 1 January 2023 (continued)

- *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;*

- *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;*

- *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; and*

- *International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12: The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.*

The adoption of these standards and amendments did not have any effect on the Company's financial statements except for *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2* , which had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards and interpretations, if applicable, when they become effective:

- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively;*

- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback: In September 2022, the IASB issued amendments to IFSR 16 to specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively; and*

- *Amendments to IAS 7 and IFRS 7 – Disclosures - Supplier Finance Arrangements: In May 2023, the IASB issued these amendments to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.*

2 MATERIAL ACCOUNTING POLICIES (continued)

Standards and interpretations issued but not yet effective (continued)
Management is currently assessing the impact of the above standards and amendments on the financial statements of the Company.

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on a current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Fair value measurement
The Company measures financial instruments such as equity investments, at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices 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 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign currency transactions
Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it), on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment loss, if any. Such cost includes the cost of replacing a part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

2 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss when incurred.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. If subsequent expenditure is related to a previously capitalised project, it is depreciated over the remaining useful life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for capital work-in-progress, as follows:

- Buildings on leasehold land	20 years
- Plant and machinery	10 years
- Capital spares	10 years
- Motor vehicles	4-10 years
- Furniture and office equipment	2 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Capital work-in-progress
The capital work-in-progress is stated at cost less any identified impairment loss and comprises expenditure incurred on the acquisition and installation of property, plant and equipment which is transferred to the appropriate category of asset and depreciated as and when assets are available for use.

Leases - The Company as a lessee
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2 MATERIAL ACCOUNTING POLICIES (continued)

Leases - The Company as a lessee (continued)

i) Right-of-use asset

The Company recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liability

At the commencement date of the lease, the Company recognises a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value

The Company applies the short-term lease recognition exemption to its short-term leases (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for slow and obsolete inventories. Costs are those expenses incurred in bringing inventories to its present location and condition, as follows:

2 MATERIAL ACCOUNTING POLICIES (continued)

Inventories (continued)

Raw materials and consumables	- purchase cost calculated on a weighted average cost basis.
Finished goods:	
Manufactured	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.
Trading	- purchase cost calculated on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's "(CGU)" fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

The Company's financial assets include investments securities, trade and other receivables and bank balances, short-term deposits and cash.

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income "(FVOCI)", and fair value through profit or loss "(FVTPL)". The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Initial recognition and measurement (continued)

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient which are measured at the transaction price determined under contracts with customers (refer to accounting policy for revenue), the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest "(SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of listed and / or quoted financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. All regular way purchases and sales of other financial assets are recognized on the settlement date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses upon derecognition (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

(i) Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include debt securities, trade and other receivables and bank balances, short-term deposits and cash.

The Company's debt, equity and fund investments are carried at amortised cost and FVTPL respectively and not at FVOCI.

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

The Company's financial assets at fair value through profit or loss includes quoted and unquoted equity securities and a managed fund. Dividends on quoted equity securities are recognised in the profit or loss as a net change in fair value of the equity investments, when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either;
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses "(ECLs)" for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets (continued)

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for any relevant forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in case of those at amortised cost, net of directly attributable transaction costs. The Company’s financial liabilities include, lease liabilities, term loan, import finance loans, trade and other payables, amount due to the Government and bank overdraft.

Subsequent measurement

All financial liabilities of the Company are subsequently measured at amortised cost. Such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with original maturities of three months or less, bank balance for the payment of dividends and bank overdraft.

2 MATERIAL ACCOUNTING POLICIES (continued)

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits

The Company provides end of service benefits to its non-Bahraini employees. The entitlement to these benefits is based upon the employees' final salaries and length of service. The expected costs of these benefits are accrued over the period of employment.

The Company also makes contributions to the Social Insurance Organisation "(SIO)" for its Bahraini employees', calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Cash dividend

The Company recognises a liability to make cash distributions to shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Under Bahrain Commercial Companies Law, a distribution is authorised when it is approved by the shareholders in their Annual General Meeting. A corresponding amount is recognised directly in equity.

Value added tax (VAT)

Revenue, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the Government, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax receivable from, or payable to, the Government is included as part of other receivables or other payables in the statement of financial position.

Revenue

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding value added tax etc. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

2 MATERIAL ACCOUNTING POLICIES (continued)

Revenue (continued)

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods at the Company's or customer's premises.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer, (if any).

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to the accounting policy on "Financial assets".

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Government subsidy and grant

Government subsidy represents the amounts received from the Government of the Kingdom of Bahrain through Ministry of Finance and National Economy, to enable the Company to sell products at a controlled price as fixed by the Government. The subsidy is recorded on an accrual basis and is calculated as the difference between the actual cost of wheat and flour used for local sales products plus an agreed rate per ton sold for all other related costs of flour sold locally, and the total local sales made during the year. This subsidy is recognised as income in the profit or loss in the period in which the sales are made to customers.

In addition, the Company also recognises the unconditional Government grant that compensate the Company for certain specific expenses incurred in the profit or loss, as other operating income when the grant become receivable.

Other income

Interest income

Interest income is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Other income

Other income is recognised on an accrual basis when income is earned.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements
In the process of applying the Company’s accounting policies, the Board of Directors has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern
The Company's Board of Directors has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue the business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt about the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Classification of equity investments
The Company's management determines the classification of equity investments on initial recognition as "financial asset at fair value through profit or loss" or "financial asset at fair value through other comprehensive income". The equity investments are classified as "financial asset at fair value through profit or loss" if they are acquired for the purpose of selling in the near term or if they are not elected by the Management to be classified as and measured at FVOCI. All other investments are classified as "financial asset at fair value through other comprehensive income".

Classification of debt
The Company's management determines the classification of debt investments on initial recognition as "financial asset at amortised cost", "financial asset at fair value through profit or loss" or "financial asset at fair value through other comprehensive income". The debt investments are classified based on the conditions mentioned in accounting policy on "Financial assets".

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment and right-of-use assets
The Company's management determines the estimated useful lives of its property, plant and equipment and right-of-use assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Incremental borrowing rate for leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing rate "(IBR)" to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Impairment of property, plant and equipment and right-of-use assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's "(CGU)" fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

The Board of Directors do not believe that there is any impairment of property, plant and equipment and right-of-use assets as at 31 December 2023 and 31 December 2022.

Valuation of unquoted investments at fair value through profit or loss

Management uses its best judgement in determining fair values of the unquoted private equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using a market multiples or other appropriate valuation methodologies. Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted equity investments.

At the reporting date, the Company's investments in unquoted securities had "nil" fair value (2022: nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Allowance for expected credit losses of trade receivables

The determination of 'allowance of expected credit losses' as discussed in note 2 involves estimates and assumptions.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with the forward-looking information. For instance, if forecast economic conditions (i.e. inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consumer sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses of trade receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables were BD 189,257 (2022: BD 236,716), with an allowance for expected credit loss of BD 92,000 (2022: BD 47,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Provision for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated realisable value.

At the reporting date, gross inventories amounted to BD 5,149,578 (2022: BD 9,155,283), with a provision for slow moving and obsolete inventories of BD 546,864 (2022: BD 536,628). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss.

4 PROPERTY, PLANT AND EQUIPMENT

	*Buildings on leasehold land**	*Plant, machinery and capital spares*	*Motor Vehicles*	*Furniture and office equipment*	*Capital work-in-progress***	*Total*
	BD	***BD***	***BD***	***BD***	***BD***	***BD***
Cost:						
At 1 January 2023	**8,779,071**	**8,014,367**	**172,958**	**875,601**	**3,096,237**	**20,938,234**
Additions	**4,467**	**40,509**	**-**	**3,982**	**2,189,331**	**2,238,289**
Disposals	**-**	**-**	**-**	**(2,655)**	**-**	**(2,655)**
At 31 December 2023	**8,783,538**	**8,054,876**	**172,958**	**876,928**	**5,285,568**	**23,173,868**
Accumulated depreciation:						
At 1 January 2023	**7,209,682**	**7,566,072**	**153,387**	**836,279**	**-**	**15,765,420**
Depreciation for the year	**236,577**	**155,065**	**7,664**	**14,048**	**-**	**413,354**
Relating to disposals	**-**	**-**	**-**	**(2,655)**	**-**	**(2,655)**
At 31 December 2023	**7,446,259**	**7,721,137**	**161,051**	**847,672**	**-**	**16,176,119**
Net carrying values:						
At 31 December 2023	**1,337,279**	**333,739**	**11,907**	**29,256**	**5,285,568**	**6,997,749**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	*Buildings on leasehold land**	*Plant, machinery and capital spares*	*Motor Vehicles*	*Furniture and office equipment*	*Capital work-in-progress***	*Total*
	BD	*BD*	*BD*	*BD*	*BD*	*BD*
Cost:						
At 1 January 2022	8,779,071	8,006,393	160,458	850,549	2,932,040	20,728,511
Additions	-	37,178	12,500	31,776	164,197	245,651
Disposals	-	(26,888)	-	(6,724)	-	(33,612)
Spare parts usage	-	(2,316)	-	-	-	(2,316)
At 31 December 2022	8,779,071	8,014,367	172,958	875,601	3,096,237	20,938,234
Accumulated depreciation:						
At 1 January 2022	6,973,126	7,426,012	142,455	828,773	-	15,370,366
Depreciation for the year	236,556	169,264	10,932	14,122	-	430,874
Relating to disposals	-	(26,888)	-	(6,616)	-	(33,504)
Spare parts usage	-	(2,316)	-	-	-	(2,316)
At 31 December 2022	7,209,682	7,566,072	153,387	836,279	-	15,765,420
Net carrying values:						
At 31 December 2022	1,569,389	448,295	19,571	39,322	3,096,237	5,172,814

* The land at Mina Salman on which the mill was built was leased by the Company from the Bahrain Defence Force for the period of 20 years till 2042.

** This includes capital work-in-progress of BD 5,212,760 (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 on a leasehold property. The Company has obtained a term loan to finance the mill expansion project (refer note 12). The amount of borrowing costs capitalised during the year is BD 77,804 (2022: nil). The rate used to determine the amount of borrowing costs eligible for capitalisation is 7.29%, which is the EIR of the loan.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year has been allocated in the statement of comprehensive income as follows:

	2023	*2022*
	BD	*BD*
Cost of revenue (note 17)	**397,564**	415,600
Other operating expenses (note 19)	**15,790**	15,274
	413,354	430,874

5 LEASES

The Company leases industrial lands on which its buildings and plant and equipment are located. The leases typically run for a period ranging from 2 years to 20 years, with an option to renew the lease after the expiry. Lease payments are subject to negotiation every 5 years to reflect market rentals. No leases provide for additional rent payments that are based on changes in local price index.

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	2023	*2022*
	BD	*BD*
At 1 January	**1,240,334**	429,168
Addition	**56,125**	1,151,716
Derecognition	**-**	(285,601)
Depreciation (note 19)	**(91,433)**	(54,949)
At 31 December	**1,205,026**	1,240,334

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2023	*2022*
	BD	*BD*
At 1 January	**1,246,884**	449,576
Addition	**56,125**	1,151,716
Derecognition	**-**	(318,120)
Accretion of interest (note 21)	**85,305**	26,200
Payments	**(136,802)**	(62,488)
At 31 December	**1,251,512**	1,246,884

Lease liabilities disclosed in the statement of financial position is as follows:

	2023	*2022*
	BD	*BD*
Non-current	**1,196,722**	1,185,464
Current	**54,790**	61,420
	1,251,512	1,246,884

5 LEASES (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2023 BD	*2022 BD*
Depreciation expense on right-of-use assets (note 19)	**91,433**	54,949
Interest expense on lease liabilities (note 21)	**85,305**	26,200
Expense related to short term lease and low value assets	**55,440**	-
	232,178	81,149

The amount recognised in the statement of cash flows is as follows:

	2023 BD	*2022 BD*
Total cash outflows for lease liabilities	**(136,802)**	(62,488)

6 INVESTMENT SECURITIES

	2023 BD	*2022 BD*
Non-current:		
Investment securities at amortised cost	**1,889,001**	1,541,475
Current:		
Investment securities at amortised cost	**758,060**	-
Investment securities at fair value through profit or loss	**12,558,284**	10,824,052
	13,316,344	10,824,052

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

Net asset value of investment securities at fair value through profit or loss at 31 December 2023 and 31 December 2022 is as follows:

	2023 BD	*2022 BD*
Equity securities	**12,345,528**	10,664,460
Cash	**234,119**	94,649
Dividend receivable	**-**	81,038
Unsettled sale trades proceeds	**91,893**	26,997
Management fee payable and other liabilities	**(95,695)**	(23,332)
Unsettled buy trades proceeds	**(17,561)**	(19,760)
Total net asset value	**12,558,284**	10,824,052
Number of issued units	**13,764,432**	13,764,432
Net asset value per unit	**0.91**	0.79

6 INVESTMENT SECURITIES (continued)

The movement in investment securities at fair value through profit or loss during the year is as follows:

	2023	*2022*
	BD	*BD*
At 1 January	**10,824,052**	13,998,106
Withdrawals during the year	**-**	(3,769,999)
Net change in fair value	**1,734,232**	595,945
At 31 December	**12,558,284**	10,824,052

The net change in fair value comprises of the following elements:

	2023	*2022*
	BD	*BD*
Fair value change in equity securities	**1,514,151**	245,097
Dividend income	**324,028**	468,490
Management fee and other expenses	**(103,947)**	(117,642)
	1,734,232	595,945

7 INVENTORIES

	2023	*2022*
	BD	*BD*
Wheat in silos	**3,150,642**	7,521,921
Good in transit	**13,138**	6,099
Packing material	**118,991**	164,061
Finished goods	**935,103**	436,267
Stores, spares and consumables	**931,704**	1,026,935
	5,149,578	9,155,283
Provision for obsolete and slow-moving inventories	**(546,864)**	(536,628)
	4,602,714	8,618,655

The movement of provision for obsolete and slow-moving inventories is as follows:

	2023	*2022*
	BD	*BD*
At 1 January	**536,628**	521,782
Charge for the year (note 17)	**34,746**	14,846
Adjustment	**(24,510)**	-
At 31 December	**546,864**	536,628

8 RECEIVABLES AND OTHER ASSETS

	2023	*2022*
	BD	*BD*
Subsidy receivable	**-**	3,647,669
Trade receivables	**189,257**	236,716
Advances to suppliers	**198,059**	219,307
Prepayments	**26,181**	26,531
Interest accrued	**67,702**	24,159
Others	**4,076**	2,115
VAT receivable - net	**80,665**	17,829
	565,940	4,174,326
Allowance for expected credit losses	**(92,000)**	(47,000)
	473,940	4,127,326

Terms and conditions of the above financial assets are as follows:

- Subsidy receivable is non-interest bearing and is normally settled on 30 days terms.
- Trade receivables are non-interest bearing and are normally settled on 60 to 90 day terms.
- Interest accrued is received within 30 to 180 days based on terms of underlying financial instruments.
- VAT receivable is non-interest-bearing and normally settled within one month.

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

	2023	*2022*
	BD	*BD*
At 1 January	**47,000**	47,000
Charge for the year	**45,000**	-
At 31 December	**92,000**	47,000

The ageing analysis of trade receivables and allowance for expected credit losses as at 31 December are as follows:

			Past due		
	Total	***Current***	***Less than 90 days***	***91 to 180 days***	***More than 180 days***
	BD	***BD***	***BD***	***BD***	***BD***
2023					
Expected credit loss rate		**0.00%**	**0.00%**	**100.00%**	**100.00%**
Gross trade receivables	**189,257**	**56,159**	**41,098**	**1,791**	**90,209**
Expected credit losses	**(92,000)**	**-**	**-**	**(1,791)**	**(90,209)**
Net trade receivables	**97,257**	**56,159**	**41,098**	**-**	**-**

8 RECEIVABLES AND OTHER ASSETS (continued)

			Past due		
	Total	*Current*	*Less than 90 days*	*91 to 180 days*	*More than 180 days*
	BD	*BD*	*BD*	*BD*	*BD*
2022					
Expected credit loss rate		0.00%	4.37%	19.50%	49.51%
Gross trade receivables	236,716	53,410	94,724	3,308	85,274
Expected credit losses	(47,000)	-	(4,135)	(645)	(42,220)
Net trade receivables	189,716	53,410	90,589	2,663	43,054

9 BANK BALANCES, SHORT-TERM DEPOSITS AND CASH

	2023	*2022*
	BD	*BD*
Cash on hand	**1,057**	1,370
Bank balances	**846,429**	5,696,678
Short-term deposits	**6,216,675**	-
	7,064,161	5,698,048
Bank balance for the payment of dividends (note 13)	**(54,415)**	(54,415)
Bank overdraft	**-**	(1,847,514)
Cash and cash equivalents	**7,009,746**	3,796,119

- Bank balances are placed with financial institutions in the Kingdom of Bahrain in current and saving accounts and denominated in Bahraini Dinar and US Dollar. Bank balances placed in saving accounts earn interest at an average rate of 1% (2022: 1%)
- Short term deposits are made with financial institutions in the Kingdom of Bahrain for a period ranging between 30-90 days at an average interest rate of 5.95% (2022: nil).
- At 31 December 2023, the Company had available BD 18,206,150 (2022: BD 11,830,095) of undrawn committed borrowing facilities.

10 SHARE CAPITAL AND RESERVES

a) Share capital

	2023	*2022*
	BD	*BD*
Authorised: 100,000,000 shares		
Issued and fully paid: 24,832,500 shares of 100 fils	**2,483,250**	2,483,250
Treasury shares 6,930 (2022: 6,930 shares)	**(1,373)**	(1,373)
Net shares in public issue	**2,481,877**	2,481,877

	2023	*2022*
Performance per share		
Earnings per 100 fils share	**100.75 fils**	57.30 fils
Net asset value per 100 fils share	**1,090 fils**	1,016 fils
Stock exchange price per 100 fils share at 31 December	**341 fils**	340 fils
Stock exchange price to earnings ratio	**3.4**	5.9
Total market capitalisation at 31 December (BD)	**8,467,883**	8,443,050

10 SHARE CAPITAL AND RESERVES (continued)

a) Share capital (continued)

Additional information on shareholding pattern

(i) Names and nationalities of the major shareholders who have an interest of more than 5% in the Company and the number of equity shares held by them as at 31 December 2023 and 31 December 2022 are as follows:

2023	***Nationality***	***No. of shares***	***% holding***
- Bahrain Investment Holding Company - Istithmar W.L.L.	**Bahraini**	**16,322,806**	**65.73**
- Kuwait Flour Mills and Bakeries Company K.S.C.	**Kuwaiti**	**1,848,000**	**7.44**
- Abdulhameed Zainal Mohammed	**Bahraini**	**1,897,157**	**7.64**
2022			
- Bahrain Investment Holding Company - Istithmar W.L.L.	Bahraini	16,322,806	65.73
- Kuwait Flour Mills and Bakeries Company K.S.C.	Kuwaiti	1,848,000	7.44
- Abdulhameed Zainal Mohammed	Bahraini	1,825,167	7.35

(ii) The Company has only one class of equity shares and the holders of these shares have equal voting rights.

(iii) Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories:

	2023		
Categories*	***Number of shares***	***Number of shareholders***	***% of total outstanding shares***
Less than 1%	**4,517,049**	**1,768**	**18.19%**
1% up to less than 5%	**247,488**	**1**	**1.00%**
5% up to less than 50%	**3,745,157**	**2**	**15.08%**
50% and above	**16,322,806**	**1**	**65.73%**
	24,832,500	**1,772**	**100.00%**

	2022		
*Categories**	*Number of shares*	*Number of shareholders*	*% of total outstanding shares*
Less than 1%	4,589,039	1,734	18.48%
1% up to less than 5%	247,488	1	1.00%
5% up to less than 50%	3,673,167	2	14.79%
50% and above	16,322,806	1	65.73%
	24,832,500	1,738	100.00%

10 SHARE CAPITAL AND RESERVES (continued)

a) Share capital (continued)

The total number of shares above consist of treasury shares of 6,930 shares as of 31 December 2023 (2022: 6,930 shares).

*Expressed as a percentage of total shares of the Company.

b) Statutory reserve

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year is to be transferred to statutory reserve every year. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital. In 2020, the shareholders resolved to discontinue further transfer of profit to statutory reserve as the reserve equalled 50% of the paid-up capital of the Company.

The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

c) Other reserves

The other reserve has been made in accordance with the articles of association of the Company for the purposes determined by the General Meeting including such as the depreciation of Company's assets, making up for any fall in the value thereof or converting in into capital. The Company may resolve to use that reserve in the event of price fluctuation and future expansion. There are no restrictions on the distribution of this reserve.

11 EMPLOYEES' END OF SERVICE BENEFITS

The carrying amount of the provision for employees’ leaving indemnity and the movements during the year are as follows:

	2023	*2022*
	BD	*BD*
At 1 January	**113,004**	103,638
Charge for the year	**41,044**	34,227
Paid during the year	**(728)**	(24,861)
At 31 December	**153,320**	113,004

12 TERM LOAN

The Company has obtained a loan during the year 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 carrying value of fixed income securities held as collateral is BD 2,647,061 at 31 December 2023 (note 6). 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 7.29% per annum at 31 December 2023. Management of the Company intends to rollover the loan until 2030.

13 TRADE PAYABLES AND OTHER LIABILITIES

	2023	*2022*
	BD	*BD*
Trade payables	**279,970**	142,345
Dividends payable *	**54,415**	54,415
Contract liabilities	**57,753**	55,446
Retention payables	**102,557**	-
Interest accrued	**27,927**	-
Accrued expenses and other payables	**418,548**	372,305
	941,170	624,511

* Represents the dividend payable to the shareholders where the cheques issued have become stale.

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.
- Retention payables are non-interest bearing and are normally settled after the completion of respective project by the contractors.
- Accrued expenses and other payables are non-interest bearing and have terms ranging between 30 to 90 days.

14 IMPORT FINANCE LOANS

	2023	*2022*
	BD	*BD*
At 1 January	**8,169,905**	5,555,448
Loans availed during the year	**3,299,948**	19,695,322
Loans repaid during the year	**(9,259,374)**	(17,080,865)
At 31 December	**2,210,479**	8,169,905

The Company uses import loans in the absence of advance from the Government (note 15) to support the payment of wheat and flour shipments. The Company has a facility arrangement with the financial institutions with an aggregate limit of BD 20 million. Import finance loans are unsecured and are re-payable within three to six months. The loans carries an annual interest rate of 6 month BHIBOR plus 1.5% being 7.9% per annum at 31 December 2023. Interest cost on these loans is recovered back from the Government through subsidy arrangement.

15 AMOUNT DUE TO 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. The main purpose of such advance payment is to support the payment of wheat shipments. This is a new funding mechanism in which advance received is adjusted against the Government subsidy and remaining balance is shown as payable to the Government. As at 31 December 2023 BD 17,751,941 (31 December 2022: nil) of advance received from the Government has been adjusted against the subsidy on the sale of goods in the local market.

16 REVENUE

The disaggregation of the Company's revenue from contracts with customers is as follows:

	2023	*2022*
	BD	*BD*
a) Type of goods		
Flour	**5,139,534**	5,207,149
Bran	**1,384,361**	1,360,460
Special products	**1,153,330**	1,067,227
	7,677,225	7,634,836
b) Geographical markets		
Kingdom of Bahrain	**7,618,058**	7,414,925
Kingdom of Saudi Arabia	**59,167**	219,911
	7,677,225	7,634,836
c) Timing of revenue recognition		
Recorded at a point in time	**7,677,225**	7,634,836

17 COST OF REVENUE

	2023	*2022*
	BD	*BD*
Raw material- subsidised sales (note 18)	**19,006,915**	19,808,644
Raw material- commercial sales	**52,958**	349,510
Imported flour (note 18)	**2,273,525**	-
Staff costs	**806,859**	656,762
Depreciation on property, plant and equipment (note 4)	**397,564**	415,600
Packing materials and additives	**322,002**	297,245
Maintenance, repairs and utilities	**539,973**	557,917
Charge for slow moving and obsolete inventories (note 7)	**34,746**	14,846
Others	**406,704**	247,305
	23,841,246	22,347,829

18 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 year.

During the year, 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 year.

18 GOVERNMENT SUBSIDY (continued)

The following table shows the details of Government subsidy:

	2023 ***BD***	*2022* *BD*
Actual cost of wheat purchased and used for products subject to subsidy (note 17)	**19,006,915**	19,808,644
Actual cost of flour purchased and sold (note 17)	**2,273,525**	-
Plus: conversion cost per ton of wheat products subject to subsidy	**3,827,971**	3,925,307
Plus: BD 7.5 per ton for execution fees to import and sell flour	**78,136**	-
Plus: landing costs on import of wheat and flour	**333,792**	-
	25,520,339	23,733,951
Gross sales subject to subsidy	**(7,671,032)**	(7,216,039)
	17,849,307	16,517,912

Quantity sold during the year was 128,364 tons out of which 127,940 tons were subsidised and 424 tons were commercial sales (2022: 124,151 tons out of which 121,897 tons were subsidised and 2,254 tons were commercial sales).

19 OTHER OPERATING EXPENSES

	2023 ***BD***	*2022* *BD*
Staff costs	**798,115**	666,986
General and administrative expenses	**476,303**	288,796
Depreciation on property, plant and equipment (note 4)	**15,790**	15,274
Deprecation on right-of-use assets (note 5)	**91,433**	54,949
Board sitting fees	**83,200**	77,700
Board of directors' remuneration	**60,000**	60,000
Professional fees	**28,500**	28,475
	1,553,341	1,192,180

20 INTEREST INCOME FROM INVESTMENT SECURITIES AT AMORTISED COST - NET

Interest income from investment securities at amortised cost consist of the following:

	2023 ***BD***	*2022* *BD*
Interest income	**161,114**	38,179
Management fee	**(43,979)**	(14,797)
	117,135	23,382

Investment securities at amortised cost carry an average effective interest rate of 7.4% per annum (2022: 6.4%).

21 FINANCE COST

	2023	*2022*
	BD	*BD*
Interest expense on lease liabilities (note 5)	**85,305**	26,200
Interest expense on bank overdraft and import finance loans	**94,669**	27,250
	179,974	53,450

22 OTHER INCOME

	2023	*2022*
	BD	*BD*
Delivery income	**20,912**	18,907
Income from shipment claims	**32,312**	74,044
Interest income on bank balances and short-term deposits	**254,381**	33,716
Others	**33,192**	27,743
	340,797	154,410

23 EARNINGS PER SHARE

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

	2023	*2022*
Net profit for the year (BD)	**2,501,179**	1,422,601
Weighted average number of equity shares in issue	**24,825,570**	24,825,570
Basic and diluted earnings per share (fils)	**100.75**	57.30

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

24 RELATED PARTY TRANSACTIONS AND BALANCES

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.

24 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	2023	*2022*
	BD	*BD*
Government		
Government subsidy (note 18)	**17,849,307**	16,517,912
Other operating income	**402,044**	89,575
Affiliates of Ultimate Parent		
Finance cost on import finance loans	**63,357**	93,917
Interest income on bank balances	**11,769**	419
Other operating expenses	**6,154**	7,949
Repayment of import finance loan	**3,257,952**	6,108,531
Import finance loan availed	**2,370,765**	4,919,647

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

	2023	*2022*
	BD	*BD*
Government		
Subsidy receivable (note 8)	**-**	3,647,669
Amount due to the Government	**2,083,158**	-
Affiliates of Ultimate Parent		
Import finance loans	**1,591,024**	4,919,647
Accrued interest on import finance loans	**8,305**	20,942
Bank balances and short-term deposits	**181,128**	-
Bank overdraft	**-**	969,490

Terms and conditions of transactions with related parties

Transactions with related parties are made at normal market prices. Outstanding balances with the Government at the year-end arise in the normal course of business, are unsecured, interest free and settlement occurs either in cash or adjustment with other balances. Outstanding balances with affiliate of Ultimate Parent arise in the normal course of business, are unsecured, carry interest and settlement occurs in cash. For the years ended 31 December 2023 and 31 December 2022, the Company has not recorded any allowance for expected credit losses on amounts owed by related parties.

24 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

The remuneration of directors and other members of key management included in the statement of comprehensive income are as follows:

	2023	*2022*
	BD	*BD*
Board of Directors:		
Remuneration (note 19)	**60,000**	60,000
Sitting fees (note 19)	**83,200**	77,700
Other expenses	**27,821**	20,201
Key management personnel:		
Salaries and short-term benefits	**405,238**	339,503
End of service benefits	**29,796**	19,863
	606,055	517,267

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

	2023	*2022*
	BD	*BD*
Salaries and short-term benefits	**19,326**	11,204
End of service benefits	**87,786**	57,990
	107,112	69,194

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Introduction

The Company’s financial liabilities include, lease liabilities, term loan, import finance loans, trade and other payables, amount due to the Government and bank overdraft. The main purpose of these financial liabilities is to raise finance for the Company’s operations and capital expenditure. The Company has trade and other receivables and bank balances, short-term deposits and cash that arise directly from its operations. The Company also holds investments at fair value through profit or loss and investments at amortised cost.

The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s executive management oversees the management of these risks. The Company’s executive management advises on financial risks and the appropriate financial risk governance framework for the Company. The Company’s executive management also provides assurance to the Company’s Board of Directors that the Company’s financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite.

The Company's Audit Committee oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including bank balances, short-term deposits and debt securities.

Trade receivables
The Company trades on credit only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to expected credit losses is not significant. The management believes that credit risk associated with other receivables is assessed to be low.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At the reporting date, Company has recorded an allowance for expected credit loss of BD 92,000 (2022: BD 47,000).

Bank balances and short-term deposits
With respect to credit risk on bank balances and short-term deposits with financial institutions, the Company's exposure to credit risk arises from default of the counterparty. The Company limits credit risk by dealing only with reputable banks.

Debt securities
The Company limits credit risk on investments in debt securities by investing only in sovereign debt instruments. Management regularly reviews the fair value of the securities to assess the impairment.

Credit risk concentration
Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

The Company sells its products to a large number of wholesalers, retailers and individual customers. Its five largest customers account for 99% of the outstanding trade receivables at 31 December 2023 (2022: 90%).

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk (continued)

Maximum exposure to credit risk

The table below shows the maximum gross exposure to credit risk for the components of the statement of financial position headings without taking account of any collateral and other credit enhancements.

	2023	*2022*
	BD	*BD*
Investment securities at amortised cost	**2,647,061**	1,541,475
Receivable and other assets	**164,959**	3,861,544
Bank balances and short-term deposits	**7,063,104**	5,696,678
	9,875,124	11,099,697

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring adequate bank facilities are available at all times. The Company's terms of sale requires amount to be paid in advance for walk-in customers and for corporate customers within 60 to 90 days of the date of sale. Trade payables are non-interest bearing and are normally settled within 30 to 90 days terms.

The table below summarises the maturities of the Company's financial liabilities at 31 December, based on undiscounted contractual payment dates and current market interest rates.

	Less than 3 months	***3 to 12 months***	***1 to 5 years***	***More than 5 years***	***Total***
	BD	***BD***	***BD***	***BD***	***BD***
2023					
Trade payables	**279,970**	**-**	**-**	**-**	**279,970**
Retention payable	**-**	**102,557**	**-**	**-**	**102,557**
Dividends payable	**54,415**	**-**	**-**	**-**	**54,415**
Lease liabilities	**34,718**	**104,154**	**599,608**	**1,458,678**	**2,197,158**
Term loan	**1,883,851**	**-**	**-**	**-**	**1,883,851**
Import finance loans	**1,712,214**	**535,544**	**-**	**-**	**2,247,758**
Amount due to the Government	**2,083,158**	**-**	**-**	**-**	**2,083,158**
	6,048,326	**742,255**	**599,608**	**1,458,678**	**8,848,867**

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

	Less than 3 months BD	*3 to 12 months BD*	*1 to 5 years BD*	*More than 5 years BD*	*Total BD*
2022					
Trade payables	142,345	-	-	-	142,345
Dividends payable	54,415	-	-	-	54,415
Lease liabilities	37,742	104,154	573,400	1,572,350	2,287,646
Import finance loans	2,880,152	5,420,304	-	-	8,300,456
Bank overdraft	1,847,514	-	-	-	1,847,514
	4,962,168	5,524,458	573,400	1,572,350	12,632,376

Changes in liabilities arising from financing activities

	At 1 January 2023 BD	***Cash flows***		***Others BD***	***At 31 December 2023 BD***
		Receipts BD	***Payments BD***		
Import finance loan	**8,169,905**	**3,299,948**	**(9,259,374)**	**-**	**2,210,479**
Term loan	**-**	**1,832,871**	**-**	**-**	**1,832,871**
Amount due to the Government	**-**	**18,982,911**	**-**	**(16,899,753)**	**2,083,158**
Lease liabilities	**1,246,884**	**-**	**(136,802)**	**141,430**	**1,251,512**
Dividend payable	**54,415**	**-**	**(620,640)**	**620,640**	**54,415**
	9,471,204	**24,115,730**	**(10,016,816)**	**(16,137,683)**	**7,432,435**

	At 1 January 2022 BD	*Cash flows*		*Others BD*	*At 31 December 2022 BD*
		Receipts BD	*Payments BD*		
Import finance loan	5,555,448	19,695,322	(17,080,865)	-	8,169,905
Lease liabilities	449,576	-	(62,488)	859,796	1,246,884
Dividend payable	54,415	-	(620,640)	620,640	54,415
	6,059,439	19,695,322	(17,763,993)	1,480,436	9,471,204

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and equity price risk.

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Market risk (continued)

Interest rate
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates the sensitivity of statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant. The Company's profit for the year is affected through the impact on floating interest rates bearing import finance loans and term loan as follows:

	2023		*2022*	
Increase (decrease) in basis points	**+100**	**(100)**	+100	(100)
Increase (decrease) in profit [in BD]	**(7,705)**	**7,705**	(10,290)	10,290

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the balances related to Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency).

The Company is not exposed to foreign currency risk on its financial assets and financial liabilities as balances are denominated in Bahraini Dinar and US Dollars which is pegged to Bahraini Dinars and hence is not considered to represent significant currency risk.

Equity price risk
The Company’s investments in quoted equity securities and a managed fund are susceptible to market price risk arising from uncertainties about future values of the investment. The Company through its investment manager, manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company’s senior management on a regular basis. The Company’s Board of directors reviews and approves all equity investment decisions.

Management’s best estimate of the effect on profit or loss for the year due to 5% change in fair value of investments at fair value through profit or loss, with all other variables held constant, would be BD 627,914 (2022: BD 541,203).

Capital management
The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Equity comprises of share capital, share premium, statutory reserve, other reserves and retained earnings and is measured at BD 27,076,425 at 31 December 2023 (31 December 2022: BD 25,220,886).

26 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:

	2023		
	Fair value through profit and loss	***Amortised cost***	***Total carrying value***
	BD	***BD***	***BD***
Financial assets			
Investment securities	**12,558,284**	**2,647,061**	**15,205,345**
Receivables and other assets	**-**	**164,959**	**164,959**
Bank balances, short-term deposits and cash	**-**	**7,064,161**	**7,064,161**
	12,558,284	**9,876,181**	**22,434,465**

	2022		
	Fair value through profit and loss	*Amortised cost*	*Total carrying value*
	BD	*BD*	*BD*
Financial assets			
Investment securities	10,824,052	1,541,475	12,365,527
Receivables and other assets	-	3,861,544	3,861,544
Bank balances, short-term deposits and cash	-	5,698,048	5,698,048
	10,824,052	11,101,067	21,925,119

	2023	*2022*
	BD	*BD*
Financial liabilities at amortised cost		
Lease liabilities	**1,251,512**	1,246,884
Term loan	**1,832,871**	-
Trade payables and other liabilities	**464,869**	196,760
Import finance loans	**2,210,479**	8,169,905
Amount due to the Government	**2,083,158**	-
Bank overdraft	**-**	1,847,514
	7,842,889	11,461,063

Fair value measurement

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 year and prior year.

26 CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement (continued)

Fair value of other financial instruments

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

a) Trade and other receivables, bank balances, short-term deposits and cash, term loan, import finance loans, trade and other payables, and amount due to the Government 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.

27 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 620,640 and charity of BD 20,000 for the year ended 31 December 2021 were 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 (2021: 27 March 2022).

28 COMMITMENTS

At 31 December 2023, the Company had contractual commitments to incur construction costs relating to the mill expansion project amounting to BD 771,435 (31 December 2022: BD 1,043,941) which are due within one year.

29 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 financial statements.

30 INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES - AMENDMENTS TO IAS 12

In December 2021, the Organisation for Economic Co-operation and Development "(OECD)" issued model rules for a new global minimum tax framework (Pillar Two), and various Governments around the world have issued, or are in the process of issuing, legislation on this. In Kingdom of Bahrain, the Government has not yet issued any legislation on Pillar Two, announcement is expected to legislation in this regard in due course. The Company is in the process of assessing the impact on the financial statements.

31 RECLASSIFICATION OF COMPARATIVE FIGURES

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

	As previously reported BD	*Re-classification BD*	*Reclassified BD*
Statement of comprehensive income			
Cost of revenue	(22,178,933)	(168,896)	(22,347,829)
Other operating expenses	(1,361,076)	168,896	(1,192,180)
Interest income from investment securities at amortised cost - net	57,098	(33,716)	23,382
Other income	120,694	33,716	154,410