Bahrain Flour Mills Company B.S.C.

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

31 DECEMBER 2024

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 2024

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 2024.

Company Performance:

In 2023, the company achieved a historic milestone by recording the highest sales quantities in its history, driven by increased market demand. While the elevated demand continued into 2024, it declined only slightly by 1%. During the year the company faced operational challenges due to increased energy costs, strategic land acquisition, and the planned mill upgrades with limited capacity expansion. These investments, while critical for underpinning continued operations of the aged infrastructure, contributed to higher depreciation expenses and resulted in negative operating results for the year.

Operationally, the completion of the mill upgrades project with limited capacity expansion completed in March 2024, marking a significant achievement by increasing production capacity with an additional 100 MT per day, executed without any disruption in supply, or product consistency to the local market. Completing this work while maintaining production operations is a testament to the commitment of the management, the workforce, and guided by the board at BFM.

During the same year the company successfully modernized its customer experience by transitioning from an outdated coupon system to a new e-commerce platform, significantly reducing friction for our customers, streamlining transactions and improving data collection on the local market. These efforts underscore the company's commitment to innovation and sustainable growth despite the financial pressures described.

Overall, Al-Matahin achieved a net profit for the year amounting to BD 432,791. In line with the results achieved, the Board of Directors has made the following recommendations to the shareholders for the year ending 31 December 2024:

BAHRAIN FLOUR MILLS Co. شركة البحرين لمطاحن الدقيق
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- Distribute cash dividends to shareholders at the rate of 25 files per share (or 25% of the paid-up capital) totaling BD 620,620.
- Allocate an amount of BD 46,815 as a remuneration for the members of the Board of Directors
- Allocate an amount of BD 25,000 for social and charitable works

Company Directions and Future Plans:

Looking ahead, BFM has laid the foundation for significant growth by securing strategic land near Khalifa Sea port, designated for the development of a state-of-the-art mill and silo complex with enhanced production and storage capacity. This ambitious project aligns with BFM's and Bahrain Government's vision to contribute to food security in the Kingdom of Bahrain, ensuring a stable and sustainable supply chain for the future. Currently, BFM is actively engaging and aligning all stakeholders and government entities with this long-term vision. The project is now in the planning phase, with a focus on securing the necessary approvals, resources, regulatory bodies cooperation to bring this critical initiative to fruition. This forward-looking strategy underscores the company's commitment to innovation, operational excellence, and its pivotal role in supporting national priorities.

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.

Social Responsibility:

Our priorities have focused on supporting the community we are a part of. In line with our strong sense of social responsibility, the company collaborated with the Royal Humanitarian Foundation to provide an amount of 15,000 Bahraini Dinars in support of needy families during the holy month of Ramadan. In addition, the company continues to support the community through various initiatives, such as sponsoring several key events for Alia Center for Early Intervention for individuals with special needs aged between 5 and 20 years, expressing the company's pride in the care, support, and services provided to children and youth with autism. Bahrain Flour Mills Company is also proud to be the sole sponsor of providing flour products in support of Alia Center Café (Halla by Alia), wishing them every success.

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AL-MATAHIN

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 all staff, and extend our many thanks, appreciation, and gratitude to all its employees for their dedication and hard work which has led to these achievements and assured the best possible results for 2024 under challenging conditions. 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.

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 2024:

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المطاحن
AL-MATAHIN

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	10,408	9,900	-	-	20,308	-	-	-	-	-	-	20,308	-
2- Salah Mohammed Al Kulaib	5,201	8,900	-	-	14,101	-	-	-	-	-	-	14,101	-
3- Ayman Abdulhameed Zainal	5,201	6,000	-	-	11,201	-	-	-	-	-	-	11,201	-
4- Eyad Redha Faraj	5,201	8,200	-	-	13,401	-	-	-	-	-	-	13,401	-
5- Raghdan Saleh Qassim	5,201	10,000	-	-	15,201	-	-	-	-	-	-	15,201	-
Second: Non- Executive Directors / Non-Independent Directors:													
6- Ahmad Mazhar	5,201	7,500	-	-	12,701	-	-	-	-	-	-	12,701	-
7- Wael Itani	5,201	4,500	-	-	9,701	-	-	-	-	-	-	9,701	-
8- Fahad Al Mudhahka	5,201	8,000			13,201							13,201	
Third: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	46,815	63,000	-	-	109,815	-	-	-	-	-	-	109,815	-

Second: Executive Management Remuneration Details:

Executive management	Total paid salaries and allowances***	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	396,528	102,277	12,320	**511,125**

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).*
**** This represents the end of service benefits charged of BD 15,648 during the year.*

Notes:
1. Disclosure is for the top 6 executives who are employees of the entity as on the reporting date.

Basim Mohammed AlSaie
Chairman

Salah Mohamed Al Kulaib
Vice Chairman

25 February 2024

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

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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 2024, 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 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 2024. 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)

Government subsidy

Refer to note 2 for the Government subsidy policy and note 19 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 12,417,783. We considered this as a key audit matter because of the significance of the subsidy amount 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 checking that the subsidy receivable / payable balance as of the reporting date 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 information included in the Company's 2024 annual report

Other information consists of the information included in the Company's 2024 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 2024 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 IFRS Accounting Standards, 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.

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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 2024 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 Prasanth Govindapuram.

Ernst + Young

Partner's Registration No. 212
25 February 2025
Manama, Kingdom of Bahrain

Bahrain Flour Mills Company B.S.C.

STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	***2024 BD***	*2023 BD*
ASSETS			
Non-current assets			
Property, plant and equipment	4	**7,541,233**	6,997,749
Intangible assets	5	**93,117**	-
Right-of-use assets	6	**4,553,229**	1,205,026
Investment securities	7	**3,918,414**	1,889,001
		16,105,993	10,091,776
Current assets			
Investment securities	7	**12,992,041**	13,316,344
Inventories	8	**5,841,463**	4,589,576
Trade receivables and other assets	9	**396,639**	487,078
Bank balances, short-term deposits and cash	10	**4,377,581**	7,064,161
		23,607,724	25,457,159
TOTAL ASSETS		**39,713,717**	35,548,935
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**2,481,877**	2,481,877
Share premium		**1,350,000**	1,350,000
Statutory reserve	11	**1,241,625**	1,241,625
Other reserves	11	**3,463,628**	3,463,628
Retained earnings		**18,326,466**	18,539,295
Total equity		**26,863,596**	27,076,425
Non-current liabilities			
Employees' end of service benefits	12	**146,531**	153,320
Lease liabilities - non-current portion	6	**4,496,510**	1,196,722
		4,643,041	1,350,042
Current liabilities			
Lease liabilities - current portion	6	**226,981**	54,790
Term loan	13	**2,202,091**	1,832,871
Trade payables and other liabilities	14	**616,926**	941,170
Import finance loans	15	**2,258,413**	2,210,479
Amount due to the Government	16	**2,902,669**	2,083,158
		8,207,080	7,122,468
Total liabilities		**12,850,121**	8,472,510
TOTAL EQUITY AND LIABILITIES		**39,713,717**	35,548,935

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

The accompanying notes 1 to 30 form part of these financial statements.

Bahrain Flour Mills Company B.S.C.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	***2024 BD***	*2023 BD*
Revenue	17	**7,605,900**	7,677,225
Cost of revenue	18	**(18,917,485)**	(23,870,016)
Gross loss before Government subsidy		**(11,311,585)**	(16,192,791)
Government subsidy	19	**12,417,783**	17,849,307
Gross profit		**1,106,198**	1,656,516
Other operating income		**370,449**	402,044
Other operating expenses	20	**(1,685,310)**	(1,524,571)
Charge for expected credit losses	9	**-**	(45,000)
Operating (loss) profit		**(208,663)**	488,989
Net change in fair value of investment securities at fair value through profit or loss	7	**433,757**	1,734,232
Interest income from investment securities at amortised cost - net	21	**211,168**	117,135
Finance costs	22	**(388,192)**	(179,974)
Other income	23	**384,721**	340,797
Net profit and total comprehensive income for the year		**432,791**	2,501,179
Basic and diluted earnings per share (fils)	24	**17.43**	100.75

Basim AlSaie
Chairman

Salah Mohamed Al Kulaib
Vice Chairman

Wayne Henry Craig
Chief Executive Officer

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	***2024*** ***BD***	*2023* *BD*
OPERATING ACTIVITIES			
Net profit for the year		**432,791**	2,501,179
Adjustments for:			
Depreciation on property, plant and equipment	4	**833,483**	413,354
Amortisation of intangible assets	5	**20,487**	-
Depreciation on right-of-use-assets	6	**265,287**	91,433
Net change in fair value of investment securities at fair value through profit or loss	7	**(433,757)**	(1,734,232)
Interest income from investment securities at amortised cost- net	21	**(211,168)**	(117,135)
Interest income from bank balances and short-term deposits	23	**(221,113)**	(254,381)
Finance costs	22	**388,192**	179,974
Charge for slow moving and obsolete inventories	18	**83,414**	34,746
Charge for expected credit losses	9	**-**	45,000
Provision for employees' end of service benefits	12	**28,149**	41,044
Operating profit before working capital changes		**1,185,765**	1,200,982
Working capital changes:			
Inventories		**(1,339,563)**	3,960,028
Trade receivables and other assets		**(10,594,308)**	(13,247,824)
Trade payables and other liabilities		**(325,790)**	284,965
Net cash used in operations		**(11,073,896)**	(7,801,849)
Employees' end of service benefits paid	12	**(34,938)**	(728)
Donation paid		**(15,000)**	-
Net cash flows used in operating activities		**(11,123,834)**	(7,802,577)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,447,869)**	(2,142,195)
Purchase of intangible assets		**(17,262)**	(18,290)
Purchase of investment securities at amortised cost		**(2,041,641)**	(1,114,922)
Redemption of investment securities at amortised cost		**758,060**	-
Interest income received from investment securities at amortised cost- net		**211,002**	113,855
Interest income received from bank balances and short-term deposits		**235,443**	223,454
Net cash flows used in investing activities		**(2,302,267)**	(2,938,098)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		**(191,023)**	(57,727)
Term loan availed - net		**369,220**	1,832,871
Repayment of import finance loans	15	**(10,252,003)**	(9,259,374)
Import finance loans availed	15	**10,299,937**	3,299,948
Amount paid to the Government	16	**(2,093,634)**	-
Advance received from the Government	16	**13,595,956**	18,982,911
Finance costs paid		**(368,173)**	(223,687)
Dividend paid		**(620,759)**	(620,640)
Net cash flows from financing activities		**10,739,521**	13,954,302
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(2,686,580)**	3,213,627
Cash and cash equivalents at 1 January		**7,064,161**	3,850,534
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10	**4,377,581**	7,064,161

The accompanying notes 1 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2024

Non-cash items:

- Capitalisation of borrowing costs of BD 25,440 (2023: BD 77,804) has been excluded from purchase of property, plant and equipment.
- Donated flour baskets of BD 4,262 (2023: BD 21,167) has been excluded from the movement in inventories.
- Recognition of new leases of BD 3,613,490 (2023: nil) has been excluded from the movement in right-of-use assets and lease liabilities.
- Advance received from the Government of BD 10,682,451 (2023: BD 16,899,753) has been adjusted with the subsidy receivable.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Share capital BD	Share premium BD	Reserves: Statutory reserve BD	Reserves: Other reserves BD	Retained earnings BD	Total BD
At 1 January 2024		**2,481,877**	**1,350,000**	**1,241,625**	**3,463,628**	**18,539,295**	**27,076,425**
Net profit and total comprehensive income for the year		**-**	**-**	**-**	**-**	**432,791**	**432,791**
Charity approved for 2023	28	**-**	**-**	**-**	**-**	**(25,000)**	**(25,000)**
Dividends for 2023	28	**-**	**-**	**-**	**-**	**(620,620)**	**(620,620)**
At 31 December 2024		**2,481,877**	**1,350,000**	**1,241,625**	**3,463,628**	**18,326,466**	**26,863,596**

	Note	Share capital BD	Share premium BD	Reserves: Statutory reserve BD	Reserves: 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	28	-	-	-	-	(25,000)	(25,000)
Dividends for 2022	28	-	-	-	-	(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

The accompanying notes 1 to 30 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.

These financial statements comprise the results of the Company for the year ended 31 December 2024.

The Company's majority shareholder is Bahrain Food Holding Company W.L.L, which holds 65.73% of the Company’s shares (the “Parent”). The Parent is wholly owned by Bahrain Investment Holding Company - Istithmar W.L.L, which in turn is wholly owned by 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 25 February 2025.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention except for fair value measurement of investment securities classified as at fair value through profit or loss.

Statement of compliance
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), 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, 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 currency of the Company.

New and amended standards and interpretations effective from 1 January 2024
The accounting policies adopted in the preparation of these financial statements are consistent with those used in the previous year, except for certain new and amended standards and interpretations adopted by the Company as of 1 January 2024. The Company has not early adopted any new and amended standards and interpretations that has been issued but is not yet effective.

- *Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback: The amendments specify 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;*

- *'Amendments to IAS 1 - Classification of Liabilities as Current or Non-current: The amendments clarify: What is meant by a right to defer settlement; That a right to defer must exist at the end of the reporting period; That classification is unaffected by the likelihood that an entity will exercise its deferral right; and That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;*

  In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months; and

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective from 1 January 2024 (continued)

- *Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments Disclosures: The amendments 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 adoption of these new and amended standards and interpretations did not have any effect on the Company's financial statements.

New and amended standards issued but not yet effective

Certain other new and amended standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. The Company is assessing the impact of these new and amended standards and intends to adopt, if applicable, at its effective date:

- *Amendments to IAS 21 - Lack of exchangeability: In August 2023, the IASB issued amendments to IAS 21. The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information;*

- *IFRS 18 Presentation and Disclosure in Financial Statements: In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.*

  It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

  In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively; and

- *'IFRS 19 Subsidiaries without Public Accountability Disclosures: In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.*

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards issued but not yet effective (continued)

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Management is currently assessing the impact of the above new and amended standards 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
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.

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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

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

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	10-20 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 that 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.

Capital work-in-progress is not depreciated until it is transferred and put to use and is reviewed annually for any indication of impairment.

Intangible assets
Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses if any. The amortisation expense is recognised in the profit or loss in the expense category that is consistent with the function of the intangible assets.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Amortisation is calculated on a straight-line basis over the estimated useful lives of the intangible assets, as follows:

- ERP and eCommerce platform 5 years

The carrying values of the intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

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.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are 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 assets are 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 liabilities

At the commencement date of the lease, the Company recognises lease liabilities 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Leases - the Company as a lessee (continued)

ii) Lease liabilities (continued)
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 assets
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 moving and obsolete inventories. Costs are those expenses incurred in bringing inventories to their present location and condition, as follows:

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 to manufacture and 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

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

Initial recognition and measurement

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.

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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers* .

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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

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.

Financial assets at amortised cost
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 investments in debt securities, certain trade and other receivables and bank balances, short-term deposits and cash.

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 profit or loss.

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

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).

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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

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.

(ii) Financial liabilities
The Company's financial liabilities include lease liabilities, term loan, import finance loans, certain trade and other payables and amount due to the Government.

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.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost.

Financial liabilities at amortised cost
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 costs in profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Financial liabilities (continued)

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.

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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

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.

International tax reform - pillar two model rules - amendments to IAS 12
On 1 September 2024, Bahrain enacted new global minimum tax rules to align with the Organization for Economic Co-operation and Development Base Erosion and Profit Shifting ("BEPS") Pillar 2 model rules. The enacted law includes the implementation of qualified domestic minimum top-up tax ("QDMTT").

The QDMTT is effective for years beginning on or after January 1, 2025. Bahrain has also adopted the Transitional Country by Country Safe Harbor guidance applicable for years beginning on or before 31 December 2026. The Transitional Country by Country Safe Harbors provide relief from the application of the global minimum tax rules should certain criteria be met. The global minimum tax rules are not applicable to the Company.

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.

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 etc). 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 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 profit or loss in the period in which the sales are made to customers.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Government subsidy and grant (continued)
In addition, the Company is entitled to an unconditional Government grant that compensates it for specific expenses incurred. This grant is recognised as other operating income in profit or loss in the period in which the grant becomes receivable.

Other income
Interest income
Interest income is recorded using the 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 and management 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 assets at fair value through profit or loss" or "financial assets at fair value through other comprehensive income". The equity investments are classified as "financial assets 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 and measured at FVOCI. All other investments are classified as "financial assets at fair value through other comprehensive income".

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

Determining the non-cancellable term of the lease - The Company as a lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has applied judgement in evaluating the non-cancellable period of one of its new leases. Refer note 6 for further details.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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, right-of-use assets and intangible assets

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

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, right-of-use assets and intangible 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 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. 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 does not believe that there is any impairment of property, plant and equipment, right-of-use assets and intangible assets at the reporting dates.

Valuation of unquoted investments at fair value through profit or loss

Management uses its best judgement in determining fair values of the unquoted 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 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 (2023: nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses against 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.

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.

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.

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 2024	**8,667,551**	**7,977,508**	**172,958**	**876,926**	**5,285,568**	**22,980,511**
Additions	**6,440**	**150,259**	**-**	**3,675**	**1,330,197**	**1,490,571**
Transfers in (out)	**989,552**	**5,099,969**	**-**	**401,525**	**(6,604,650)**	**(113,604)**
At 31 December 2024	**9,663,543**	**13,227,736**	**172,958**	**1,282,126**	**11,115**	**24,357,478**
Accumulated depreciation:						
At 1 January 2024	**7,330,272**	**7,643,767**	**161,051**	**847,672**	**-**	**15,982,762**
Depreciation for the year	**284,043**	**502,223**	**2,855**	**44,362**	**-**	**833,483**
At 31 December 2024	**7,614,315**	**8,145,990**	**163,906**	**892,034**	**-**	**16,816,245**
Net carrying values:						
At 31 December 2024	**2,049,228**	**5,081,746**	**9,052**	**390,092**	**11,115**	**7,541,233**

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 2023	8,663,084	7,936,999	172,958	875,599	3,096,237	20,744,877
Additions	4,467	40,509	-	3,982	2,189,331	2,238,289
Disposals	-	-	-	(2,655)	-	(2,655)
At 31 December 2023	8,667,551	7,977,508	172,958	876,926	5,285,568	22,980,511
Accumulated depreciation:						
At 1 January 2023	7,093,695	7,488,702	153,387	836,279	-	15,572,063
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	7,330,272	7,643,767	161,051	847,672	-	15,982,762
Net carrying values:						
At 31 December 2023	1,337,279	333,741	11,907	29,254	5,285,568	6,997,749

* The land at Mina Salman on which the current mill has been built and the Company's offices are situated is leased by the Company from the Bahrain Defence Force for a period of 20 years till 2042.

** On 1 March 2024, a new production line with a cost of 6,072,508 (2023: nil) was capitalised (transferred from capital work-in- progress). The cost represents amount incurred towards the supply and installation of mechanical and electrical equipment including the engineering and civil work. This production line is constructed on a leasehold land. The Company has obtained a term loan to finance the mill expansion project (refer note 13). The borrowing costs capitalized during the year, until the new production line became operational was BD 25,440 (2023: BD 77,804).

4 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2024	*2023*
	BD	*BD*
Cost of revenue (note 18)	**817,544**	397,564
Other operating expenses (note 20)	**15,939**	15,790
	833,483	413,354

5 INTANGIBLE ASSETS

On 1 January 2024, costs relating to a new Enterprise Resource Planning ("ERP") and eCommerce platform were capitalized (transferred from capital work-in-progress).

	2024	*2023*
	BD	*BD*
Cost:		
At 1 January	**-**	-
Transferred from capital work-in-progress (note 4)	**113,604**	-
At 31 December	**113,604**	-
Accumulated amortisation:		
At 1 January	**-**	-
Amortisation for the year (note 20)	**20,487**	-
At 31 December	**20,487**	-
Net carrying values:		
At 31 December	**93,117**	-

6 LEASES

The Company leases warehouses and industrial lands on which its buildings and plant and equipment are located. The Company also leased a land for the construction of a new mill in Hidd industrial area during the year (refer below for details). Leases of land have lease terms between 20 and 24 years while warehouses have lease terms of 3 years. 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:

	Lands plots	***Warehouses***	***Total***
	BD	***BD***	***BD***
At 1 January 2024	**1,154,914**	**50,112**	**1,205,026**
Additions (refer note below)	**3,101,970**	**511,520**	**3,613,490**
Depreciation	**(99,145)**	**(166,142)**	**(265,287)**
At 31 December 2024	**4,157,739**	**395,490**	**4,553,229**
At 1 January 2023	1,216,129	24,205	1,240,334
Addition	-	56,125	56,125
Depreciation	(61,215)	(30,218)	(91,433)
At 31 December 2023	1,154,914	50,112	1,205,026

6 LEASES (continued)

The addition to lease for land plots during the year relates to a new land plot for the proposed construction of new mill. The Company has entered into certain agreements with the Ministry of Transportation and Telecommunication (the “Ministry”), commencing from 1 October 2024 to reserve a plot of land (the “Land”) for a rent-free period of 6 months for the purpose of carrying out preliminary surveys and studies to assess the suitability and technical feasibility of the Land for the construction of a new mill and if found suitable to lease it for a period of 20.5 years at an annual lease rent of BD 368,713 with certain escalation clauses. As of the reporting date, management has concluded that the Land is suitable for the intended construction of the new mill. Accordingly, a right-of-use asset has been recognised in respect of this Land.

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

	2024	*2023*
	BD	*BD*
At 1 January	**1,251,512**	1,246,884
Addition	**3,613,490**	56,125
Accretion of interest (note 22)	**170,426**	85,305
Payments	**(311,937)**	(136,802)
At 31 December	**4,723,491**	1,251,512

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

	2024	*2023*
	BD	*BD*
Non-current	**4,496,510**	1,196,722
Current	**226,981**	54,790
	4,723,491	1,251,512

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

	2024	*2023*
	BD	*BD*
Depreciation on right-of-use assets:		
Cost of revenue (note 18)	**28,770**	28,770
Other operating expenses (note 20)	**236,517**	62,663
Interest expense on lease liabilities (note 22)	**170,426**	85,305
Expense related to short-term lease and low value assets	**39,000**	55,440
	474,713	232,178

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

	2024	*2023*
	BD	*BD*
Total cash outflows for lease liabilities	**(311,937)**	(136,802)

7 INVESTMENT SECURITIES

	2024	*2023*
	BD	*BD*
Non-current:		
Investment securities at amortised cost	**3,918,414**	1,889,001
Current:		
Investment securities at amortised cost	**-**	758,060
Investment securities at fair value through profit or loss	**12,992,041**	12,558,284
	12,992,041	13,316,344

The investment securities 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 is as follows:

	2024	*2023*
	BD	*BD*
Equity securities	**12,935,504**	12,345,528
Cash	**38,536**	234,119
Dividend receivable	**4,294**	-
Investments receivable	**43,263**	-
Unsettled sale trades proceeds	**-**	91,893
Management fee payable and other liabilities	**(29,556)**	(95,695)
Unsettled buy trades proceeds	**-**	(17,561)
Total net asset value	**12,992,041**	12,558,284
Number of issued units	**13,764,432**	13,764,432
Net asset value per unit	**0.94**	0.91

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

	2024	*2023*
	BD	*BD*
At 1 January	**12,558,284**	10,824,052
Net change in fair value	**433,757**	1,734,232
At 31 December	**12,992,041**	12,558,284

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

	2024	*2023*
	BD	*BD*
Fair value change in equity securities	**318,768**	1,514,151
Dividend income	**284,301**	324,028
Management fee and other expenses	**(169,312)**	(103,947)
	433,757	1,734,232

8 INVENTORIES

	2024	*2023*
	BD	*BD*
Wheat in silos	**4,183,601**	3,150,642
Packing material	**120,399**	118,991
Finished goods	**1,084,597**	935,103
Stores, spares and consumables	**1,074,468**	931,704
	6,463,065	5,136,440
Provision for slow-moving and obsolete inventories	**(621,602)**	(546,864)
	5,841,463	4,589,576

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

	2024	*2023*
	BD	*BD*
At 1 January	**546,864**	536,628
Charge for the year (note 18)	**83,414**	34,746
Write-off during the year	**(8,676)**	(24,510)
At 31 December	**621,602**	546,864

9 TRADE RECEIVABLES AND OTHER ASSETS

	2024	*2023*
	BD	*BD*
Trade receivables	**210,638**	189,257
Advances to suppliers	**101,690**	211,197
Prepayments	**35,112**	26,181
Interest accrued	**65,765**	67,702
Others	**8,429**	4,076
VAT receivable - net	**67,005**	80,665
	488,639	579,078
Allowance for expected credit losses	**(92,000)**	(92,000)
	396,639	487,078

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

- 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 the terms of the underlying financial instruments.

9 TRADE RECEIVABLES AND OTHER ASSETS (continued)

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

	2024	*2023*
	BD	*BD*
At 1 January	**92,000**	47,000
Charge for the year	**-**	45,000
At 31 December	**92,000**	92,000

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

			Past due		
			Less than 90 days	***91 to 180 days***	***More than 180 days***
	Total	***Current***			
	BD	***BD***	***BD***	***BD***	***BD***
2024					
Expected credit loss rate		**0.15%**	**100.00%**	**100.00%**	**100.00%**
Gross trade receivables	**210,638**	**118,822**	**1,851**	**949**	**89,016**
Expected credit losses	**(92,000)**	**(184)**	**(1,851)**	**(949)**	**(89,016)**
Net trade receivables	**118,638**	**118,638**	**-**	**-**	**-**

			Past due		
			Less than 90 days	*91 to 180 days*	*More than 180 days*
	Total	*Current*			
	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	-	-

10 BANK BALANCES, SHORT-TERM DEPOSITS AND CASH

	2024	*2023*
	BD	*BD*
Cash in hand	**2,069**	1,057
Bank balances	**801,854**	846,429
Short-term deposits	**3,573,658**	6,216,675
	4,377,581	7,064,161

- 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% (2023: 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 5.5% (2023: 5.95%).
- At 31 December 2024, the Company had BD 17,788,496 (2023: BD 18,206,150) of undrawn borrowing facilities.

11 SHARE CAPITAL AND RESERVES

a) Share capital

	2024	*2023*
	BD	*BD*
Authorised: 100,000,000 shares		
Issued and fully paid: 24,832,500 shares of 100 fils each (2023: same)	**2,483,250**	2,483,250
Treasury shares 6,930 (2023: 6,930 shares)	**(1,373)**	(1,373)
Net shares in public issue	**2,481,877**	2,481,877

	2024	*2023*
Performance per share at 31 December		
Earnings per 100 fils share (fils)	**17.43**	100.75
Net asset value per 100 fils share (fils)	**1,082**	1,090
Stock exchange price per 100 fils share (fils)	**360**	341
Stock exchange price to earnings ratio	**20.7**	3.4
Total market capitalisation (BD)	**8,939,700**	8,467,883

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 are as follows:

2024	*Nationality*	*No. of shares*	*% holding*
- Bahrain Food Holding Company - W.L.L.	**Bahraini**	**16,322,806**	**65.73**
- Abdulhameed Zainal Mohammed	**Bahraini**	**1,848,000**	**8.25**
- Kuwait Flour Mills and Bakeries Company K.S.C.	**Kuwaiti**	**2,048,877**	**7.44**
2023			
- Bahrain Investment Holding Company - Istithmar W.L.L.	Bahraini	16,322,806	65.73
- Abdulhameed Zainal Mohammed	Bahraini	1,897,157	7.64
- Kuwait Flour Mills and Bakeries Company K.S.C.	Kuwaiti	1,848,000	7.44

(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:

	2024		
Categories*	***Number of shares***	***Number of shareholders***	***% of total outstanding shares***
Less than 1%	**4,612,817**	**1,753**	**18.58%**
1% up to less than 5%	**-**	**-**	**0.00%**
5% up to less than 50%	**3,896,877**	**2**	**15.69%**
50% and above	**16,322,806**	**1**	**65.73%**
	24,832,500	**1,756**	**100.00%**

11 SHARE CAPITAL AND RESERVES (continued)

a) Share capital (continued)

	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%

The total number of shares above consist of treasury shares of 6,930 shares as at 31 December 2024 (2023: 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 a 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 equaled 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 purposes to be determined by a General Meeting. This includes purposes 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 this reserve in the event of price fluctuation and future expansion. There are no restrictions on the distribution of this reserve.

12 EMPLOYEES' END OF SERVICE BENEFITS

The carrying amounts of the provision for employees' end of service benefits and the movements during the year are as follows:

	2024	*2023*
	BD	*BD*
At 1 January	**153,320**	113,004
Charge for the year	**28,149**	41,044
Paid during the year to leaving employees	**(16,128)**	(728)
Paid during the year to Social Insurance Organization	**(18,810)**	-
At 31 December	**146,531**	153,320

12 EMPLOYEES' END OF SERVICE BENEFITS (continued)

Effective 1 March 2024, pursuant to an Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, certain portion of the end of service benefits liability has been transferred to the SIO, representing the amounts paid by the Company to the SIO on a monthly basis starting March 2024. Such portion of liability would be settled directly by the SIO when the relevant employees leave the Company.

13 TERM LOAN

The Company has obtained a loan to finance the mill expansion project as well as other operating needs through a repo facility arrangement with a financial institution with an aggregate limit of BD 2,250,000 (the "Facility Amount"). The Board of Directors decided to utilise the proceeds from the term loan to finance the mill expansion project only. The loan is secured against debt securities and as per the arrangement the value of the collateral must always exceed the Facility Amount and a minimum collateral ratio of 1.33x or a loan-to-value ratio ("LTV") of 75% or below is required to be maintained. At 31 December 2024, the fair value of debt securities held as collateral is BD 4,002,471 (2023: BD 2,738,134). 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 6.36% per annum at 31 December 2024 (2023: 7.29% per annum). Management of the Company intends to rollover the term loan until 2030.

14 TRADE PAYABLES AND OTHER LIABILITIES

	2024	*2023*
	BD	*BD*
Trade payables	**86,601**	279,970
Dividends payable	**54,276**	54,415
Contract liabilities	**60,085**	57,753
Retention payables	**51,615**	102,557
Interest accrued	**23,874**	27,927
Accrued expenses and other payables	**340,475**	418,548
	616,926	941,170

Terms and conditions of the financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.
- Dividends payable represents unclaimed dividends for which the cheques issued to the shareholders have become stale and are payable on demand.
- Retention payables are non-interest bearing and are normally settled after the completion of respective project by the contractors.
- Interest accrued is paid within 30 to 180 days based on the terms of the underlying financial instruments.

15 IMPORT FINANCE LOANS

	2024	*2023*
	BD	*BD*
At 1 January	**2,210,479**	8,169,905
Loans availed during the year	**10,299,937**	3,299,948
Loans repaid during the year	**(10,252,003)**	(9,259,374)
At 31 December	**2,258,413**	2,210,479

15 IMPORT FINANCE LOANS (continued)

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 carry an annual interest rate of 6 month BHIBOR plus 1.5% being 7.85% per annum at 31 December 2024 (2023: 7.90% per annum). Interest cost on these loans is recovered back from the Government through the subsidy arrangement.

16 AMOUNT DUE TO THE GOVERNMENT

The Company has entered into an arrangement with the Ministry of Finance and National Economy of the Kingdom of Bahrain, to receive advance payment against the import of wheat. The main purpose of such an advance payment is to support the payment of wheat shipments. As a part of the funding mechanism, Government subsidy is adjusted against advance received from the Government and any unadjusted balance is payable to the Government at year end.

The movement in amount due to the Government during the year is as follows:

	2024 BD	*2023 BD*
At 1 January	**2,083,158**	-
Advance received	**13,595,956**	18,982,911
Advance adjusted	**(11,157,063)**	(17,751,926)
Adjustment of finance costs	**10,476**	-
Payment made during the year	**(2,093,634)**	-
	2,438,893	1,230,985
Subsidy payable to the Government	**463,776**	852,173
At 31 December	**2,902,669**	2,083,158

17 REVENUE

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

	2024 BD	*2023 BD*
a) Type of goods		
Flour	**5,029,133**	5,139,534
Bran	**1,344,212**	1,384,361
Special products	**1,156,391**	1,153,330
Bulk wheat	**76,164**	-
	7,605,900	7,677,225
b) Geographical markets		
Kingdom of Bahrain	**7,605,900**	7,618,058
Kingdom of Saudi Arabia	**-**	59,167
	7,605,900	7,677,225
c) Timing of revenue recognition		
Recorded at a point in time	**7,605,900**	7,677,225

18 COST OF REVENUE

	2024	*2023*
	BD	*BD*
Raw material- subsidised sales (note 19)	**15,707,149**	19,006,915
Raw material- commercial sales	**49,778**	52,958
Imported flour (note 19)	**-**	2,273,525
Landing costs on import of wheat and flour (note 19)	**200,686**	333,792
Staff costs	**821,484**	806,859
Depreciation on property, plant and equipment (note 4)	**817,544**	397,564
Depreciation on right-of-use assets (note 6)	**28,770**	28,770
Packing materials and additives	**315,941**	322,002
Maintenance, repairs and utilities	**737,847**	539,973
Charge for slow moving and obsolete inventories (note 8)	**83,414**	34,746
Others	**154,872**	72,912
	18,917,485	23,870,016

19 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 and flour purchased and used for local sales plus conversion cost of BD 31 per ton for flour or execution fee of BD 7.5 per ton for imported flour and a range of BD 98 to BD 145 per ton for special products (2023: same) and the value of sales of these products made during the year.

The following table shows the details of the Government subsidy:

	2024	*2023*
	BD	*BD*
Actual cost of wheat used for products sold subject to subsidy (note 18)	**15,707,149**	19,006,915
Actual cost of imported flour sold (note 18)	**-**	2,273,525
Plus: landing costs on import of wheat and flour (note 18)	**200,686**	333,792
	15,907,835	21,614,232
Plus: conversion cost per ton of wheat products sold subject to subsidy	**4,100,646**	3,827,971
Plus: execution fee of BD 7.5 per ton of imported flour sold	**-**	78,136
	20,008,481	25,520,339
Gross sales subject to subsidy	**(7,590,698)**	(7,671,032)
	12,417,783	17,849,307

Quantity sold during the year was 126,659 tons out of which 126,198 tons were subsidised and 461 tons were commercial sales (2023: 128,364 tons out of which 127,940 tons were subsidised and 424 tons were commercial sales).

20 OTHER OPERATING EXPENSES

	2024	*2023*
	BD	*BD*
Staff costs	**886,042**	798,115
General and administrative expenses	**377,432**	476,303
Depreciation on property, plant and equipment (note 4)	**15,939**	15,790
Amortisation of intangible assets (note 5)	**20,487**	-
Deprecation on right-of-use assets (note 6)	**236,517**	62,663
Board sitting fees	**63,000**	83,200
Board of directors' remuneration	**46,815**	60,000
Professional fees	**39,078**	28,500
	1,685,310	1,524,571

21 INTEREST INCOME FROM INVESTMENT SECURITIES AT AMORTISED COST - NET

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

	2024	*2023*
	BD	*BD*
Interest income	**254,062**	161,114
Management fee	**(42,894)**	(43,979)
	211,168	117,135

Investment securities at amortised cost carry an average effective interest rate of 6.35% per annum (2023: 7.4% per annum).

22 FINANCE COSTS

	2024	*2023*
	BD	*BD*
Interest expense on lease liabilities (note 6)	**170,426**	85,305
Interest expense on bank overdraft and import finance loans	**83,801**	94,669
Interest expense on term loan	**133,965**	-
	388,192	179,974

23 OTHER INCOME

	2024	*2023*
	BD	*BD*
Delivery income	**21,522**	20,912
Income from shipment claims	**41,609**	32,312
Interest income on bank balances and short-term deposits	**221,113**	254,381
Others	**100,477**	33,192
	384,721	340,797

24 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:

	2024	*2023*
Net profit for the year (BD)	**432,791**	2,501,179
Weighted average number of equity shares in issue	**24,825,570**	24,825,570
Basic and diluted earnings per share (fils)	**17.43**	100.75

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

25 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders (i.e. those who have control or significant influence over the Company), 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 organisations as its related parties. The Company purchases electricity, receives subsidy against the sale of goods in the local market, receives grant against specific expenses incurred, pays lease rentals and receives other services from various Government, semi-Government organisations and other Government related entities in the Kingdom of Bahrain. Other than the subsidy and grant, all such other transactions are not considered to be individually significant. All related party transactions and balances are in the normal course of business.

Significant transactions with the Government and other related parties included in the statement of comprehensive income are as follows:

	2024 ***BD***	*2023* *BD*
Government		
Government subsidy (note 19)	**12,417,783**	17,849,307
Other operating income	**370,449**	402,044
Affiliates of Ultimate Parent		
Finance costs on import finance loans	**19,416**	63,357
Interest income on bank balances	**5,530**	11,769
Other operating expenses	**21,501**	13,614

25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	2024	*2023*
	BD	*BD*
Government		
Amount due to the Government	**2,902,669**	2,083,158
Affiliates of Ultimate Parent		
Import finance loans	**-**	1,591,024
Accrued interest on import finance loans	**-**	8,305
Bank balances and short-term deposits	**134,617**	181,128

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 in cash. Outstanding balances with affiliates of Ultimate Parent arise in the normal course of business, are unsecured, carry interest at market rates and settlement occurs in cash. For the years ended 31 December 2024 and 31 December 2023, the Company has not recorded any allowance for expected credit losses on amounts owed by related parties as management believes that these are fully recoverable.

Compensation of key management personnel
Key management personnel of the Company comprise of the Board of Directors and other members of key management having authority and responsibility for planning, directing and controlling the activities of the Company.

The remuneration of key management personnel included in the statement of comprehensive income are as follows:

	2024	*2023*
	BD	*BD*
Board of Directors:		
Remuneration (note 20)	**46,815**	60,000
Sitting fees (note 20)	**63,000**	83,200
Other expenses	**19,203**	27,821
Other members of key management:		
Salaries and short-term benefits	**495,477**	405,238
End of service benefits	**15,648**	16,510
	640,143	592,769

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

	2024	*2023*
	BD	*BD*
Salaries and short-term benefits	**20,480**	19,326
End of service benefits	**97,975**	87,786
	118,455	107,112

26 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Introduction
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, Compliance and Risk Committee ("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 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:

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 investments in 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. 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, the Company has recorded an allowance for expected credit losses of BD 92,000 (2023: BD 92,000).

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.

Investments in 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.

26 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk (continued)

Credit risk concentration (continued)
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 2024 (2023: 99%).

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.

	2024 ***BD***	*2023* *BD*
Investment securities at amortised cost	**3,918,414**	2,647,061
Trade receivables and other assets	**184,403**	164,959
Bank balances and short-term deposits	**4,375,512**	7,063,104
	8,478,329	9,875,124

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 ***BD***	***3 to 12 months*** ***BD***	***1 to 5 years*** ***BD***	***More than 5 years*** ***BD***	***Total*** ***BD***
2024					
Trade payables	**86,601**	**-**	**-**	**-**	**86,601**
Dividends payable	**54,276**	**-**	**-**	**-**	**54,276**
Retention payables	**-**	**51,615**	**-**	**-**	**51,615**
Lease liabilities	**82,718**	**248,154**	**1,698,695**	**7,080,536**	**9,110,103**
Term loan	**2,237,311**	**-**	**-**	**-**	**2,237,311**
Import finance loans	**1,727,051**	**568,297**	**-**	**-**	**2,295,348**
Amount due to the Government	**2,902,669**	**-**	**-**	**-**	**2,902,669**
	7,090,626	**868,066**	**1,698,695**	**7,080,536**	**16,737,923**

26 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*
2023					
Trade payables	279,970	-	-	-	279,970
Dividends payable	54,415	-	-	-	54,415
Retention payable	-	102,557	-	-	102,557
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

Changes in liabilities arising from financing activities

	At 1 January 2024 BD	***Cash flows Receipts BD***	***Cash flows Payments BD***	***Others BD***	***At 31 December 2024 BD***
Import finance loan	**2,210,479**	**10,299,937**	**(10,252,003)**	**-**	**2,258,413**
Term loan	**1,832,871**	**369,220**	**-**	**-**	**2,202,091**
Amount due to the Government	**2,083,158**	**13,595,956**	**(2,093,634)**	**(10,682,811)**	**2,902,669**
Lease liabilities	**1,251,512**	**-**	**(311,937)**	**3,783,916**	**4,723,491**
Dividends payable	**54,415**	**-**	**(620,759)**	**620,620**	**54,276**
	7,432,435	**24,265,113**	**(13,278,333)**	**(6,278,275)**	**12,140,940**

	At 1 January 2023 BD	*Cash flows Receipts BD*	*Cash flows Payments BD*	*Others BD*	*At 31 December 2023 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
Dividends payable	54,415	-	(620,640)	620,640	54,415
	9,471,204	24,115,730	(10,016,816)	(16,137,683)	7,432,435

26 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

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.

Interest rate risk
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 of floating interest rates bearing import finance loans and term loan as follows:

	2024		*2023*	
Increase (decrease) in basis points	**+100**	**(100)**	+100	(100)
(Decrease) increase in profit [in BD]	**(10,243)**	**10,243**	(7,705)	7,705

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 investments. 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, is BD 646,775 (2023: BD 617,276).

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.

26 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Capital management (continued)

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 2024 and 31 December 2023. Equity comprises of share capital, share premium, statutory reserve, other reserves and retained earnings and is measured at BD 26,863,596 at 31 December 2024 (2023: BD 27,076,425).

27 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:

	2024		
	Fair value through profit and loss	***Amortised cost***	***Total carrying value***
	BD	***BD***	***BD***
Financial assets			
Investment securities	**12,992,041**	**3,918,414**	**16,910,455**
Trade receivables and other assets	**-**	**184,403**	**184,403**
Bank balances, short-term deposits and cash	**-**	**4,377,581**	**4,377,581**
	12,992,041	**8,480,398**	**21,472,439**

	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
Trade 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

	2024	*2023*
	BD	*BD*
Financial liabilities at amortised cost		
Lease liabilities	**4,723,491**	1,251,512
Term loan	**2,202,091**	1,832,871
Trade payables and other liabilities	**216,366**	464,869
Import finance loans	**2,258,413**	2,210,479
Amount due to the Government	**2,902,669**	2,083,158
	12,303,030	7,842,889

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

Fair value measurement

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

Fair values of quoted equity investments and a managed 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.

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.

28 APPROPRIATIONS

At the Annual General Meeting of the shareholders held on 27 March 2024, a final cash dividend of 25 fils per share totalling BD 620,620 and charity of BD 25,000 for the year ended 31 December 2023 were declared (2023: 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).

The directors' remuneration of BD 60,000 for the year ended 31 December 2023 was approved by the shareholders at the Annual General Meeting held on 27 March 2024 (2023: the directors' remuneration of BD 60,000 for the year ended 31 December 2022 was approved by the shareholders at the Annual General Meeting held on 28 March 2023).

29 COMMITMENTS

At 31 December 2024, the Company had no capital commitments (2023: BD 771,435).

30 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.