

Bahrain Flour Mills Company B.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

Commercial registration	1170 (Bahraini Joint Stock Company)
Board of Directors	Mr. Basim AlSaie (Chairman) Mr. Salah Mushari Al Kulaib (Vice Chairman) Mr. Ayman A.Hameed Zainal Ms. Raghdan Qassim A. Rasool Mr. Ali Shawki Fakhro Mr. Ahmad Mazhar Mr. Mohamed Sadiq Al Rahma
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	Kuwait Finance House B.S.C (c) National Bank of Bahrain B.S.C. Bank of Bahrain and Kuwait B.S.C. Arab Bank National Bank of Kuwait
Auditors	Ernst & Young - Middle East
Shares registrar	Bahrain Clear B.S.C (c)

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Bahrain Flour Mills Company B.S.C. (the "Company") as at 31 March 2026, comprising of the interim statement of financial position as at 31 March 2026, and the related interim statements of comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



13 May 2026
Manama, Kingdom of Bahrain

Bahrain Flour Mills Company B.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2026

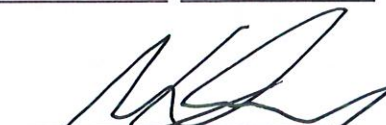
	Note	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
ASSETS			
Non-current assets			
Property, plant and equipment		7,032,402	6,862,765
Intangible assets		64,821	70,418
Right-of-use assets		4,091,729	4,147,889
Investment securities	5	3,900,701	3,904,205
		<u>15,089,653</u>	<u>14,985,277</u>
Current assets			
Investment securities	5	12,978,975	12,878,542
Inventories		4,945,480	5,567,692
Receivables and other assets	6	930,159	2,499,815
Bank balances, short-term deposits and cash	7	4,607,236	4,763,209
		<u>23,461,850</u>	<u>25,709,258</u>
TOTAL ASSETS		<u><u>38,551,503</u></u>	<u><u>40,694,535</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		2,481,877	2,481,877
Share premium		1,350,000	1,350,000
Statutory reserve		1,241,625	1,241,625
Other reserves		3,463,628	3,463,628
Retained earnings		18,611,251	18,855,741
Total equity		<u>27,148,381</u>	<u>27,392,871</u>
Non-current liabilities			
Employees' end of service benefits		150,475	150,475
Lease liabilities - non-current portion		4,548,317	4,506,712
		<u>4,698,792</u>	<u>4,657,187</u>
Current liabilities			
Lease liabilities - current portion		245,028	222,081
Term loan	8	1,917,021	2,121,318
Trade payables and other liabilities		1,762,130	565,368
Import finance loans		-	1,073,736
Amount due to the Government		-	1,721,654
Advance received from the Government	9	2,780,151	2,940,320
		<u>6,704,330</u>	<u>8,644,477</u>
Total liabilities		<u>11,403,122</u>	<u>13,301,664</u>
TOTAL EQUITY AND LIABILITIES		<u><u>38,551,503</u></u>	<u><u>40,694,535</u></u>



Basim AlSaie
Chairman



Salah Mohamed Al Kulaib
Vice Chairman



Wayne Henry Craig
Chief Executive Officer

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

Bahrain Flour Mills Company B.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2026 (Reviewed)

	Note	Three-month period ended	
		31 March 2026 BD	31 March 2025 BD
Revenue	10	2,049,542	1,940,755
Cost of revenue		(4,337,420)	(4,418,660)
Gross loss before Government subsidy		(2,287,878)	(2,477,905)
Government subsidy	11	3,061,802	2,873,072
Gross profit		773,924	395,167
Other operating income		104,332	106,060
Other operating expenses		(594,555)	(533,402)
Operating profit / (loss)		283,701	(32,175)
Net change in fair value of investment securities at fair value through profit or loss		100,433	(234,722)
Interest income from investment securities at amortised cost - net		59,981	58,730
Finance cost		(124,370)	(149,223)
Other income		81,385	59,516
Net profit / (loss) and total comprehensive income / (loss) for the period		401,130	(297,874)
Basic and diluted earnings / (losses) per share (fils)	12	16.16	(12.00)



Basim AlSaie
Chairman



Salah Mohamed Al Kulaib
Vice Chairman



Wayne Henry Craig
Chief Executive Officer

Bahrain Flour Mills Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2026 (Reviewed)

	<i>Three-month period ended</i>	
	31 March 2026	31 March 2025
Note	BD	BD
OPERATING ACTIVITIES		
Net profit / (loss) for the period	401,130	(297,874)
Adjustments for:		
Depreciation on property, plant and equipment	219,074	216,266
Amortisation of intangible assets	5,597	5,596
Depreciation on right-of-use assets	101,387	101,335
Net change in fair value of investment securities at fair value through profit or loss	(100,433)	234,722
Interest income from investment securities at amortised cost- net	(59,981)	(58,730)
Interest income from bank balances and short-term deposits	(41,561)	(18,749)
Finance cost	124,370	149,223
(Reversal) / charge for slow moving and obsolete inventories	(3,556)	3,053
Provision for employees' end of service benefits	6,087	8,703
Operating profit before working capital changes	652,114	343,545
<i>Working capital changes:</i>		
Inventories	625,768	(1,621,864)
Receivables and other assets	(1,698,796)	(3,195,792)
Trade payables and other liabilities	545,447	2,628,272
Net cash from / (used in) operations	124,533	(1,845,839)
Employees' end of service benefits paid	(6,087)	(8,158)
Donation paid	-	(24,527)
Net cash flows from / (used in) operating activities	118,446	(1,878,524)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(388,711)	(132,253)
Interest income received	39,595	31,539
Net cash flows used in investing activities	(349,116)	(100,714)
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	(41,609)	(60,129)
Term loan (paid) / availed	(204,297)	2,003
Import finance loans paid	(1,073,736)	(1,693,810)
Amount paid to the Government	(1,721,654)	(2,902,669)
Advance received from the Government	3,173,734	5,830,832
Finance cost paid	(57,741)	(87,633)
Net cash flows from financing activities	74,697	1,088,594
NET CHANGE IN CASH AND CASH EQUIVALENTS	(155,973)	(890,644)
Cash and cash equivalents at 1 January	4,763,209	4,377,581
CASH AND CASH EQUIVALENTS AT 31 MARCH	4,607,236	3,486,937

Non-cash Items:

- Advance received from the Government of BD 3,333,903 (31 March 2025: BD 413,886) has been adjusted with the subsidy receivable (note 9).
- Dividends payable of BD 620,620 (31 March 2025: BD 620,620) have been excluded from movement in trade payables and other liabilities.
- Recognition of a new lease of BD 45,227 (31 March 2025: nil) has been excluded from the movement in right-of-use assets and lease liabilities.

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

Bahrain Flour Mills Company B.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2026 (Reviewed)

	Note	Share capital BD	Share premium BD	Reserves		Retained earnings BD	Total equity BD
				Statutory reserve BD	Other reserves BD		
At 1 January 2026 (Audited)		2,481,877	1,350,000	1,241,625	3,463,628	18,855,741	27,392,871
Net profit and total comprehensive income for the period		-	-	-	-	401,130	401,130
Charity approved for 2025	15	-	-	-	-	(25,000)	(25,000)
Dividends for 2025	15	-	-	-	-	(620,620)	(620,620)
At 31 March 2026		2,481,877	1,350,000	1,241,625	3,463,628	18,611,251	27,148,381

	Note	Share capital BD	Share premium BD	Reserves		Retained earnings BD	Total equity BD
				Statutory reserve BD	Other reserves BD		
At 1 January 2025 (Audited)		2,481,877	1,350,000	1,241,625	3,463,628	18,326,466	26,863,596
Net loss and total comprehensive loss for the period		-	-	-	-	(297,874)	(297,874)
Charity approved for 2024	15	-	-	-	-	(25,000)	(25,000)
Dividends for 2024	15	-	-	-	-	(620,620)	(620,620)
At 31 March 2025		2,481,877	1,350,000	1,241,625	3,463,628	17,382,972	25,920,102

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

At 31 March 2026

1 CORPORATE INFORMATION

Bahrain Flour Mills Company B.S.C. (the "Company") is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration number 1170 obtained on 16 July 1970 and listed on 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.

The interim condensed financial statements comprise the results of the Company for the three-month period ended 31 March 2026.

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 interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13 May 2026.

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the three-month period ended 31 March 2026 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2025. In addition, results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

Accounting convention

The interim condensed financial statements have been presented in Bahrain Dinars ("BD") which is the functional currency of the Company. These interim condensed 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.

New and amended standards and interpretations effective from 1 January 2026

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2025, except for the adoption of certain amendments and improvements to standards as of 1 January 2026. The Company has not early adopted any other new and amended standards and interpretations that have been issued but are not yet effective.

- *Annual Improvements to IFRS Accounting Standards - Volume 11 - In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS Accounting Standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows;*

At 31 March 2026

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective from 1 January 2026 (continued)

- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments - In May 2024, the IASB issued these amendments which:*
 - i) *Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.*
 - ii) *Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.*
 - iii) *Clarify the treatment of non-recourse assets and contractually linked instruments.*
 - iv) *Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that refer a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income; and*

- *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7- In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:*
 - i) *Clarify the application of the 'own-use' requirements for in-scope contracts.*
 - ii) *Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts.*
 - iii) *Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.*

The above amendments and improvements had no material impact on Company's interim condensed financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant accounting judgements and estimates used in the preparation of the interim condensed financial statements for the three-month period ended 31 March 2026 are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2025.

4 SEASONALITY OF OPERATIONS

The Company is engaged in the production and sale of flour and related products and does not experience any seasonality in its operations. It also generates income from its investments segment, including interest and dividend income. Interest income is generally consistent throughout the year and is not subject to seasonality, except in the case of changes in interest rates, while dividend income may vary across reporting periods depending on the timing of dividend declarations.

Bahrain Flour Mills Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026

5 INVESTMENT SECURITIES

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
<i>Non-current:</i>		
Investment securities at amortised cost	3,900,701	3,904,205
<i>Current:</i>		
Investment securities at fair value through profit or loss	12,978,975	12,878,542

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

6 RECEIVABLES AND OTHER ASSETS

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Subsidy receivable (note 13)	244,849	1,891,669
Trade receivables	379,227	201,569
Advances to suppliers	132,004	128,184
VAT receivable - net	61,136	48,452
Interest accrued	123,440	57,989
Prepayments	31,846	31,580
Other receivables	48,366	231,081
	1,020,868	2,590,524
Allowance for expected credit losses	(90,709)	(90,709)
	930,159	2,499,815

7 BANK BALANCES, SHORT-TERM DEPOSITS AND CASH

For the purpose of the interim statement of cash flows, cash and cash equivalents comprise of the following:

	31 March 2026 (Reviewed) BD	31 December 2025 (Audited) BD
Cash on hand	1,389	2,175
Bank balances	1,080,069	719,321
Short-term deposits	3,525,778	4,041,713
	4,607,236	4,763,209

Bahrain Flour Mills Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026

8 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 March 2026, the fair value of debt securities held as collateral is BD 3,839,495 (31 December 2025: BD 4,101,257). The term loan is for a three-month period with a mutual option to rollover for further periods of three or six months indefinitely. The loan carries annual interest rate of 3 month SOFR plus 2% being 5.75% per annum at 31 March 2026 (31 December 2025: 5.85% per annum). Management of the Company intends to rollover the term loan until 2030.

9 ADVANCE RECEIVED FROM 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 or receivable to or from the Government at year end. During the three-month period ended 31 March 2026, a further amount of BD 3,173,734 (31 March 2025: BD 5,830,832) was received as an advance, out of which BD 3,333,903 (31 March 2025: BD 413,866) was adjusted against subsidy on the sale of goods in the local market.

10 REVENUE

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

	<i>Three-month period ended</i>	
	31 March 2026 (Reviewed) BD	31 March 2025 (Reviewed) BD
a) Type of goods		
Flour	1,297,226	1,262,966
Bran	339,768	271,432
Special products	412,548	406,357
	2,049,542	1,940,755
b) Geographical markets		
Kingdom of Bahrain	2,049,542	1,940,755
c) Timing of revenue recognition		
Recorded at a point in time	2,049,542	1,940,755

11 GOVERNMENT SUBSIDY

Government subsidy is available for most of the Company's products sold locally and is calculated as the difference between the actual cost of wheat purchased and used for local sales plus conversion fee of BD 31 per ton for flour and bran and a range of BD 98 to BD 145 per ton for special products (31 March 2025: same) and the value of sales of these products made during the period.

Bahrain Flour Mills Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026

11 GOVERNMENT SUBSIDY (continued)

The following table shows the details of Government subsidy:

	<i>Three-month period ended</i>	
	31 March 2026 (Reviewed) BD	31 March 2025 (Reviewed) BD
Actual cost of wheat used for products sold subject to subsidy	3,697,045	3,776,040
Plus: landing costs on import of wheat	-	21,764
	3,697,045	3,797,804
Plus: conversion fee per ton of wheat products sold subject to subsidy	1,094,529	1,029,185
	4,791,574	4,826,989
Gross sales subject to subsidy	(2,079,772)	(1,953,917)
	2,711,802	2,873,072
Plus: compensation (note 11.1)	350,000	-
	3,061,802	2,873,072

11.1 This represents the amount approved by the Ministry of Finance and National Economy of the Kingdom of Bahrain to compensate for the increase in conversion costs per ton of the subsidised products sold.

Quantity sold during the three-month period ended 31 March 2026 was 32,639 tons out of which 32,637 tons were subsidised and 2 tons were commercial sales (31 March 2025: 30,694 tons sold, out of which 30,606 tons were subsidised and 88 tons were commercial sales).

12 EARNINGS / (LOSSES) PER SHARE

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

	<i>Three-month period ended</i>	
	31 March 2026 (Reviewed)	31 March 2025 (Reviewed)
Net profit / (loss) for the period (BD)	401,130	(297,874)
Weighted average number of equity shares in issue	24,825,570	24,825,570
Basic and diluted earnings / (losses) per share (fils)	16.16	(12.00)

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

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, the Ultimate Parent, key management personnel of the Company, as well as their immediate family members, and entities controlled, jointly controlled, or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2026

13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

During the three-month period ended 31 March 2026, the Ultimate Parent provided the Company with storage space for finished goods inventory and office space, without any charge to the Company.

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 interim statement of comprehensive income are as follows:

	<i>Three-month period ended</i>	
	31 March 2026 (Reviewed) BD	<i>31 March 2025 (Reviewed) BD</i>
Board of Directors:		
Remuneration	15,000	15,000
Sitting fees	23,300	13,500
Other expenses	5,536	3,866
Other members of key management:		
Salaries and short-term benefits	112,910	109,917
End of service benefits	4,185	4,083
	160,931	146,366

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

	31 March 2026 (Reviewed) BD	<i>31 December 2025 (Audited) BD</i>
	Board of Directors:	
Remuneration	15,000	60,000
Other members of key management:		
Salaries and short-term benefits	22,577	17,162
End of service benefits	88,456	88,548
	126,033	165,710

At 31 March 2026

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

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

	31 March 2026 (Reviewed)		
	Fair value through profit and loss	Amortised cost	Total carrying value
	BD	BD	BD
Financial assets			
Investment securities	12,978,975	3,900,701	16,879,676
Receivables and other assets	-	656,807	656,807
Bank balances, short-term deposits and cash	-	4,607,236	4,607,236
	12,978,975	9,164,744	22,143,719
	31 December 2025 (Audited)		
	Fair value through profit and loss	Amortised cost	Total carrying value
	BD	BD	BD
Financial assets			
Investment securities	12,878,542	3,904,205	16,782,747
Receivables and other assets	-	2,060,518	2,060,518
Bank balances, short-term deposits and cash	-	4,763,209	4,763,209
	12,878,542	10,727,932	23,606,474
	31 March 2026 (Reviewed)	31 December 2025 (Audited)	
	BD	BD	
Financial liabilities at amortised cost			
Lease liabilities		4,793,345	4,728,793
Term loan		1,917,021	2,121,318
Trade payables and other liabilities		808,682	229,809
Import finance loans		-	1,073,736
Amount due to the Government		-	1,721,654
		7,519,048	9,875,310

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Fair value hierarchy

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

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

Fair value measurement (continued)

Fair value hierarchy (continued)

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

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

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

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

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

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

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

Fair value of other financial instruments

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

- a) Receivables and other assets, bank balances, short-term deposits and cash, term loan, trade payables and other liabilities, amount due to the Government and import finance loans approximate their carrying amounts at the reporting date largely due to the short-term maturities of these instruments (31 December 2025: same).
- b) Investment securities measured at amortised cost and lease liabilities are evaluated by the Company based on parameters such as interest rates. At the reporting date, the carrying amount of lease liabilities is not materially different from its fair value; whereas the fair value of investment securities measured at amortised cost amounted to BD 3,839,495 (31 December 2025: BD 4,101,257).

15 APPROPRIATIONS

At the Annual General Meeting of the shareholders held on 18 March 2026, a final cash dividend of 25 fils per share totalling BD 620,620 and contribution to charity of BD 25,000 for the year ended 31 December 2025 were declared (2025: at the Annual General Meeting of the shareholders held on 26 March 2025, a final cash dividend of 25 fils per share totalling BD 620,620 and contribution to charity of BD 25,000 for the year ended 31 December 2024 were declared).

The directors' remuneration of BD 60,000 for the year ended 31 December 2025 was approved by the shareholders at the Annual General Meeting held on 18 March 2026 (2025: the directors' remuneration of BD 46,815 for the year ended 31 December 2024 was approved by the shareholders at the Annual General Meeting held on 26 March 2025).

Bahrain Flour Mills Company B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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16 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), and is subject to risks and rewards that are different from those of other segments. The Company's activities mainly comprise two segments (i) Flour Mills and (ii) Investments.

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2026 and 31 March 2025:

	<i>Flour sales segment</i>		<i>Investments segment</i>		<i>Total</i>	
	<i>31 March 2026 (Reviewed) BD</i>	<i>31 March 2025 (Reviewed) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 March 2025 (Reviewed) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 March 2025 (Reviewed) BD</i>
Revenue	2,049,542	1,940,755	-	-	2,049,542	1,940,755
Government subsidy	3,061,802	2,873,072	-	-	3,061,802	2,873,072
Other operating income	104,332	106,060	-	-	104,332	106,060
Change in fair value of investment securities at fair value through profit or loss	-	-	126,418	(295,309)	126,418	(295,309)
Dividend income	-	-	127,838	108,742	127,838	108,742
Interest income from investment securities at amortised cost	-	-	69,310	69,310	69,310	69,310
Other income	81,385	59,516	-	-	81,385	59,516
Total revenue	5,297,061	4,979,403	323,566	(117,257)	5,620,627	4,862,146
Cost of revenue	4,337,420	4,418,660	-	-	4,337,420	4,418,660
Other operating expenses	594,555	533,402	-	-	594,555	533,402
Management and performance fee	-	-	163,152	58,735	163,152	58,735
Finance cost	124,370	149,223	-	-	124,370	149,223
Total expenses	5,056,345	5,101,285	163,152	58,735	5,219,497	5,160,020
Segment profit / (loss) for the period	240,716	(121,882)	160,414	(175,992)	401,130	(297,874)
Capital expenditure*	388,711	132,253	-	-	388,711	132,253

* This represents capital expenditures incurred for the acquisition of property, plant, and equipment during the current and prior periods.

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16 SEGMENTAL INFORMATION (continued)

The following table presents the details of segmental assets and liabilities as at 31 March 2026 and as at 31 December 2025:

	<i>Flour sales segment</i>		<i>Investments segment</i>		<i>Total</i>	
	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>	<i>31 March 2026 (Reviewed) BD</i>	<i>31 December 2025 (Audited) BD</i>
Total assets	21,556,842	23,862,619	16,994,661	16,831,916	38,551,503	40,694,535
Total liabilities	11,403,122	13,301,664	-	-	11,403,122	13,301,664

17 GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST

The geopolitical situation in the Middle East has intensified since late February 2026, with ongoing developments affecting several countries in the region, including the Kingdom of Bahrain. These developments have increased uncertainty in the regional economic environment and have disrupted certain business and economic activities across the region.

During the three-month period ended 31 March 2026, the Company did not experience any material adverse impacts on its operations or supply chain. However, production activities were temporarily halted and one of the Company's warehouses was relocated to an alternate location due to security concerns. Management responded to these circumstances and managed the resumption and continuation of production activities thereafter.

In response to the evolving geopolitical environment, the Company has reviewed its business continuity arrangements and enhanced its existing risk management and monitoring practices to address potential operational, credit, and liquidity risks. Management continues to closely monitor developments and their potential implications for the Company's operations, financial position and performance.

As at 31 March 2026, management assessed the carrying values of the Company's financial and non-financial assets for any indicators of impairment or the need for valuation adjustments arising from the prevailing geopolitical environment, the circumstances described above, and maritime traffic disruptions in the region. Based on the information available at the reporting date, management concluded that the carrying values of these assets appropriately reflect the conditions and risks existing as at 31 March 2026.

However, given the ongoing uncertainty surrounding the geopolitical environment, management will continue to monitor developments and assess their potential implications on the Company's business in future reporting periods.