

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

### **CONDENSED INTERIM FINANCIAL INFORMATION**

**30 June 2021**

Commercial registration	:	1170 (Bahrain Joint Stock Company)
Board of Directors	:	Mr. Marwan Khaled Tabbara ( <i>Chairman</i> ) Mr. Salah Mohamed Al Kulaib ( <i>Vice chairman</i> ) Mr. Ayman Abdulhameed Zainal Mr. Eyad Redha Faraj Mr. Jasim Salman Abdulla Alshaikh Mr. Khalid Abdulaziz Abdulla Aljassim Dr. Marwa Khalid Al Sabbagh (resigned 20 June 2021) Ms. Raghdan Saleh Qasim Abdulrasool
Offices and plant	:	Building 1773, Road 436, Block 342 PO Box 26787 Mina Salman, Manama – Kingdom of Bahrain Telephone 17729984, Fax 17729312 E-Mail: info@bfm.bh
Bankers	:	Ahli United Bank BSC National Bank of Bahrain BSC Bank of Bahrain and Kuwait BSC Arab Bank National Bank of Kuwait
Auditors	:	KPMG Fakhro
Shares registrar	:	Bahrain Clear B.S.C (closed)

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

**CONDENSED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2021**

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## Independent auditors' report on review of condensed interim financial information

The Board of Directors  
Bahrain Flour Mills Company B.S.C.  
PO Box 26787  
Kingdom of Bahrain

10 August 2021

### Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial information of Bahrain Flour Mills Company B.S.C. (the "Company"), which comprises:

- the condensed interim statement of financial position as at 30 June 2021;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed interim statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2021; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information 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 30 June 2021 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2021**

Bahraini dinars

	Note	30 June 2021 (Reviewed)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,870,395	6,091,403
<b>Total non-current assets</b>		<b>5,870,395</b>	6,091,403
<b>Current assets</b>			
Investment at fair value through profit or loss	7	12,626,036	10,456,304
Inventory		7,112,195	8,656,020
Receivables and other assets	8	1,374,858	2,313,450
Cash and bank balances		1,267,897	1,854,034
Fixed deposit		252,325	752,325
<b>Total current assets</b>		<b>22,633,311</b>	24,032,133
<b>Total assets</b>		<b>28,503,706</b>	30,123,536
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		2,481,877	2,481,877
Share premium		1,350,000	1,350,000
Statutory reserve		1,241,625	1,241,625
Other reserves		3,463,628	3,463,628
Retained earnings		14,391,040	12,347,307
<b>Total equity</b>		<b>22,928,170</b>	20,884,437
<b>Non-current liabilities</b>			
Lease liabilities	9	326,719	351,343
Employee benefits		93,149	83,923
<b>Total non-current liabilities</b>		<b>419,868</b>	435,266
<b>Current liabilities</b>			
Lease Liabilities	9	67,380	67,380
Trade payables and other liabilities		464,491	3,351,469
Import finance loans		4,623,797	4,893,829
Bank overdraft		-	491,155
<b>Total current liabilities</b>		<b>5,155,668</b>	8,803,833
<b>Total liabilities</b>		<b>5,575,536</b>	9,239,099
<b>Total equity and liabilities</b>		<b>28,503,706</b>	30,123,536



Marwan Khaled Tabbara  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Wayne Henry Craig  
Chief Executive Officer

The accompanying notes 1 to 19 are an integral part of the condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the six months ended 30 June 2021**

Bahraini dinars

		Three months ended		Six months ended	
		30 June 2021 (Reviewed)	30 June 2020 (Reviewed)	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)
<b>Sales</b>	10	1,528,270	1,672,733	3,456,616	3,723,988
Cost of sales		(3,323,023)	(3,518,889)	(7,162,436)	(7,588,677)
<b>Gross loss before government subsidy</b>		<b>(1,794,753)</b>	(1,846,156)	<b>(3,705,820)</b>	(3,864,689)
Government Subsidy	11	2,116,810	2,214,562	4,511,507	4,812,094
<b>Gross profit</b>		<b>322,057</b>	368,406	<b>805,687</b>	947,405
Other operating expenses		(309,297)	(352,226)	(644,952)	(670,911)
Impairment loss on trade receivables		(8,200)	-	(8,200)	-
<b>Operating profit</b>		<b>4,560</b>	16,180	<b>152,535</b>	276,494
Other income		87,951	268,204	113,850	280,368
Change in fair value of investment at fair value through profit and loss	7	1,232,661	908,061	2,169,732	(1,296,349)
<b>Profit / (loss) for the period</b>		<b>1,325,172</b>	1,192,445	<b>2,436,117</b>	(739,487)
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>1,325,172</b>	1,192,445	<b>2,436,117</b>	(739,487)
<b>Basic and diluted earnings per share (fils)</b>	4	<b>53</b>	48	<b>98</b>	(30)



Marwan Khaled Tabbara  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Wayne Henry Craig  
Chief Executive Officer

The accompanying notes 1 to 19 are an integral part of the condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2021

Bahraini dinars

	Share capital	Share premium	Reserves		Retained earnings	Total
			Statutory reserve	Other reserves		
<b>2021 (reviewed)</b>						
At 1 January 2021	2,481,877	1,350,000	1,241,625	3,463,628	12,347,307	<b>20,884,437</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>2,436,117</b>	<b>2,436,117</b>
Dividends declared for 2020	-	-	-	-	(372,384)	(372,384)
Charity contributions approved for 2020	-	-	-	-	(20,000)	(20,000)
<b>At 30 June 2021</b>	<b>2,481,877</b>	<b>1,350,000</b>	<b>1,241,625</b>	<b>3,463,628</b>	<b>14,391,040</b>	<b>22,928,170</b>

	Share capital	Share premium	Reserves		Retained earnings	Total
			Statutory reserve	Other reserves		
<b>2020 (reviewed)</b>						
At 1 January 2020	2,481,877	1,350,000	1,241,625	3,463,628	11,529,404	20,066,534
Total comprehensive income for the period	-	-	-	-	(739,487)	(739,487)
Dividends declared for 2019	-	-	-	-	(248,256)	(248,256)
Charity contributions approved for 2019	-	-	-	-	(20,000)	(20,000)
At 30 June 2020	2,481,877	1,350,000	1,241,625	3,463,628	10,521,661	19,058,791

The accompanying notes 1 to 19 are an integral part of the condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2021**

Bahraini dinars

	<b>Six months ended 30 June 2021 (Reviewed)</b>	<b>Six months ended 30 June 2020 (Reviewed)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) for the period</b>	<b>2,436,117</b>	<b>(739,487)</b>
<i>Adjustments:</i>		
Depreciation / amortisation	273,495	299,727
Net change in investments at fair value through profit or loss	(2,169,732)	1,296,349
Finance cost	11,148	3,106
Interest Income	(9,828)	-
Government subsidy – expense	(39,945)	-
Impairment loss on trade receivables	8,200	-
<i>Change in working capital:</i>		
Inventory	1,543,825	379,636
Receivables and other assets	971,200	(1,736,259)
Trade payables and other liabilities	(2,931,161)	(2,230,964)
Provision for employees' indemnities	9,226	9,339
<b>Net cash from / (used in) operating activities</b>	<b>102,545</b>	<b>(2,718,553)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed deposit during the period	-	(1,000,000)
Fixed deposit matured during the period	500,000	-
Interest income received	8,965	-
Purchase of property, plant and equipment	(52,487)	(279,121)
<b>Net cash from / (used in) investing activities</b>	<b>456,478</b>	<b>(1,279,121)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Import finance loans availed	4,623,797	11,373,782
Repayment of import finance loans	(4,893,829)	(6,567,329)
Dividends paid	(372,825)	(223,386)
Finance cost paid	(11,148)	-
<b>Net cash generated (used in) / from financing activities</b>	<b>(654,005)</b>	<b>4,583,067</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(94,982)</b>	<b>585,393</b>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,362,879	2,036,677
<b>CASH AND CASH EQUIVALENTS AT 30 June</b>	<b>1,267,897</b>	<b>2,622,070</b>
<b>Comprising:</b>		
Cash on hand	956	1,131
Bank balances	1,266,941	2,620,939
	<b>1,267,897</b>	<b>2,622,070</b>

The accompanying notes 1 to 19 are an integral part of the condensed interim financial information.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the six months ended 30 June 2021**

Bahraini dinars

**1 REPORTING ENTITY**

Bahrain Flour Mills Company B.S.C. (the "Company") is a Bahraini public shareholding company registered with the Ministry of Industry, Commerce and Tourism 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 principal activities of the Company are the production of flour and related products which are sold in the local market.

The Company's majority shareholder is Bahrain Mumtalakat Holding Company B.S.C. (c) ("Mumtalakat"), a company wholly owned by the Government of the Kingdom of Bahrain, which holds 65.73% of the Company's share capital.

**2 BASIS OF PREPARATION****a) Statement of compliance**

- (i) The condensed interim financial information of the Company for the three-month and six-month period ended 30 June 2021 has been prepared in accordance with International Accounting Standard 34 (IAS), Interim Financial Reporting of the Company for the three months and six months period ended 30th June 2021, which permits the condensed interim financial information to be in summarised form. The condensed interim financial information does not contain all of the information and disclosures required in the annual financial statements as at 31 December 2020 and should be read in conjunction with the audited financial statements for the year ended 31 December 2020. In addition, the results for the three-month and six-month periods ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2020. There are some amendments to existing standards and framework, which are effective from 1 January 2021, but these do not have a significant impact on the Company's condensed interim financial information. The Company did not early adopt any new standards during the period.
- (ii) Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies from preparation and publication of their condensed interim financial information for the three-month period ended 31 March 2020. Accordingly, the 30 June 2020 condensed interim financial information was the first interim period for 2020 and only included results for the cumulative six-month period ended 30 June 2020. In the current period interim financial information, the comparatives for the:
  - a. the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2020;
  - b. the condensed statements of profit or loss and other comprehensive income, changes in equity, cash flows, for the six-month period ended have been extracted from the reviewed condensed interim financial information of the Company for the six-month period ended 30 June 2020; and
  - c. the condensed statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2020 have been extracted from reviewed condensed interim financial information of the Company for the three-month period ended 31 March 2020 and six-month period ended 30 June 2020. The information relating to three-month period ended 31 March 2020 were not published but was reviewed.

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the period or total equity.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the six months ended 30 June 2021**

Bahraini dinars

**2 BASIS OF PREPARATION (continued)****b) Use of judgements and estimates**

Preparing the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**c) Financial risk management**

The Company's financial objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2020.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's audited financial statements as at and for the year ended 31 December 2020.

- 4 Basic earnings per share is calculated by dividing the net profit/ (loss) for the period by the weighted average number of equity shares outstanding during the period ended 30 June 2021 as follows:

	Three months ended		Six months ended	
	<b>30 June 2021 (Reviewed)</b>	30 June 2020 (Reviewed)	<b>30 June 2021 (Reviewed)</b>	30 June 2020 (Reviewed)
Profit / (loss) for the period	<b>1,325,172</b>	1,192,445	<b>2,436,117</b>	(739,487)
Weighted average number of equity shares in issue	24,832,500	24,825,570	24,832,500	24,825,570
Basic and diluted earnings per share	<b>53 fils</b>	48 fils	<b>98 fils</b>	(30) fils

Basic and diluted earnings per share are the same since the Company has not issued any instruments that would have a dilutive effect. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this condensed interim financial information.

- 5 Appropriations of profit, if any, will be made only at the year-end.

**6 PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment includes capital work in progress an amount of BD 2,905,840 incurred towards supply and install mechanical and electrical equipment including the engineering work to upgrade cleaning house, new mill and to upgrade the flour blending and mixing and Flour Sterilator in the lease hold property for a total contract value of BD 2,928,475.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**For the six months ended 30 June 2021**

Bahraini dinars

**7 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 June 2021 (Reviewed)</b>	<b>31 December 2020 (Audited)</b>
At 1 January	10,456,304	10,079,952
Change in fair value during the period	2,169,732	376,352
<b>At end of the period</b>	<b>12,626,036</b>	<b>10,456,304</b>

This represents investments in quoted equity securities and funds.

**8 RECEIVABLES AND OTHER ASSETS**

	<b>30 June 2021 (Reviewed)</b>	<b>31 December 2020 (Audited)</b>
Trade receivables (Net of impairment provision in 2021: BD 8,200 (2020: Nil))	244,840	243,871
Subsidy receivable	855,996	1,846,074
VAT receivables (net)	110,275	117,577
Advances to suppliers	34,221	39,904
Recoverable expenses	56,767	18,394
Others	72,759	47,630
	<b>1,374,858</b>	<b>2,313,450</b>

The movements on provision for impairment is as follows:

	<b>30 June 2021 (Reviewed)</b>	<b>31 December 2020 (Audited)</b>
At 1 January	-	94,847
Charge for the period	8,200	-
Written off	-	(94,847)
<b>At end of the period</b>	<b>8,200</b>	<b>-</b>

**9 LEASE**

The land at Mina Salman on which the mill was built is leased by the Company from the Government of Kingdom of Bahrain. The lease contract expired on 30 June 2020 and the management of the Company is negotiating the renewal of the contract. The Management is confident of obtaining the renewal of lease period for a minimum of 15 years.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2021

Bahraini dinars

**10 SALES**

	Three months ended		Six months ended	
	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)
Flour	1,035,390	1,045,407	2,317,890	2,342,695
Bran	298,490	367,916	649,026	794,994
Special products	194,390	259,410	489,700	586,299
	<b>1,528,270</b>	<b>1,672,733</b>	<b>3,456,616</b>	<b>3,723,988</b>

**11 GOVERNMENT SUBSIDY**

Government subsidy is calculated as the difference between the actual cost of wheat purchased and used for local sales products plus BD 31 per ton (2020: BD 31 per ton) sold, for all other related costs of flour sold locally, and the total local sales made during the period. The following table shows the details of Government subsidy:

	Three months ended		Six months ended	
	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)	30 June 2021 (Reviewed)	30 June 2020 (Reviewed)
Actual cost of wheat purchased and used	2,786,774	2,967,570	6,010,813	6,553,937
Plus: BD 31 per ton of wheat products sold locally	814,146	877,761	1,738,470	1,957,861
	<b>3,600,920</b>	<b>3,845,331</b>	<b>7,749,283</b>	<b>8,511,798</b>
Less: Gross sales subject to subsidy	(1,484,110)	(1,630,769)	(3,237,776)	(3,699,704)
	<b>2,116,810</b>	<b>2,214,562</b>	<b>4,511,507</b>	<b>4,812,094</b>

Quantity sold during the six-month period ended 30 June 2021 was 57,708 tons (Subsidised 56,080 tons and Commercial 1,628 tons) (2020: 63,550 tons (Subsidised 63,157 tons and Commercial 393 tons).

Quantity sold during the three-month period ended 30 June 2021 was 26,619 tons (Subsidised 26,263 tons and Commercial 356 tons) (2020: 28,708 tons (Subsidised 28,315 tons and Commercial 393 tons).

**12 RELATED PARTIES**

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

**Transactions with shareholders**

The Company qualifies as a government related entity under the definitions provided in IAS 24. The Company purchase Electricity, avails short-term loan and receives services from various Government and semi-government organisation and companies in the Kingdom of Bahrain. Other than purchase of Electricity and availing short-term loan, such other transactions are in the normal course of business and are not considered to be individually significant in terms of size.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**For the six months ended 30 June 2021**

Bahraini dinars

## 12 RELATED PARTIES (continued)

Transactions with other commercial non-government related parties related to the controlling shareholder and significant transaction with government related entities included in the statement of profit or loss are as follows:

## a) Transactions and balances with related parties

		Six months ended 30 June 2021 (Reviewed)	Six months ended 30 June 2020 (Reviewed)
<b>i) Statement of profit or loss and other comprehensive income</b>			
	<b>Relationship</b>		
Finance cost on import finance loans	Affiliate of parent	30,522	28,638
Other operating expenses	Affiliate of parent	3,580	3,837
Interest Income	Affiliate of parent	4,006	8,947
<b>ii) Import finance loan</b>			
Loans availed during the period	Affiliate of parent	-	2,991,298
Repayment of import finance loans	Affiliate of parent	(2,920,536)	(1,977,408)
<b>iii) Statement of financial position</b>			
	<b>Relationship</b>		
Import finance loans	Affiliate of parent	-	2,920,536
Accrued interest on import finance loans	Affiliate of parent	-	30,848
Bank balance	Affiliate of parent	120,034	206,533
Fixed deposits	Affiliate of parent	252,325	252,325
Interest accrued on fixed deposit	Affiliate of parent	3,785	-

## b) Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	Six months ended 30 June 2021 (Reviewed)	Six months ended 30 June 2020 (Reviewed)
Board of Directors' remunerations accrued during the period	30,000	30,000
Directors' sitting fees	46,800	45,600
Other board of directors' expenses	3,911	7,325
Salaries and other benefits	116,410	98,507
	<b>197,121</b>	<b>181,432</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2021

Bahraini dinars

**13 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 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 these condensed interim financial information.

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS****Fair value hierarchy**

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.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- *Level 1* quoted prices (unadjusted) in active markets for identical assets and liabilities.
- *Level 2* inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3* inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

*a) Financial instruments measured at fair value:*

The table below analyses financial instruments, measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorised:

**30 June 2021 (Reviewed)****Investment securities at fair value through profit or loss:**

Quoted equity securities and funds

	Level 1	Level 2	Level 3	Total
Quoted equity securities and funds	12,626,036	-	-	12,626,036
	<b>12,626,036</b>	-	-	<b>12,626,036</b>

**31 December 2020 (Audited)****Investment securities at fair value through profit or loss:**

Quoted equity securities and funds

	Level 1	Level 2	Level 3	Total
Quoted equity securities and funds	10,456,304	-	-	10,456,304
	<b>10,456,304</b>	-	-	<b>10,456,304</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the six months ended 30 June 2021**

Bahraini dinars

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

There were no transfers between the levels during the period. The Company has not disclosed the fair value for other financial instruments because their carrying amounts are a reasonable approximation of fair values.

**b) Other financial assets and liabilities:**

The carrying amount of the Company's other financial assets and liabilities approximate their fair values due to their short-term nature.

**15 SEASONALITY OF OPERATIONS**

The Company does not have income of seasonal nature.

- 16** Subsequent to the year end of 31 December 2020, the Shareholders approved the appropriations for the year end 2020 in their Annual General Meeting held on 28 March 2021 of cash dividend of 15 fils per share amounting to BD 372,384 and charity contributions of BD 20,000.

The shareholders also approved directors' remunerations of BD 60,000 (2020: BD 60,000).

**17 COVID-19 Impact**

On 11 March 2020, the Coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID-19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management and board of directors has been closely monitoring the impact of the COVID-19 developments on the Company's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, review of onerous contracts, outsourcing arrangements etc.

Governments and central banks across the world have responded with monetary and fiscal interventions to stabilize economic conditions. The Government of Kingdom of Bahrain has announced various economic stimulus programmes ("Packages") to support businesses in these challenging times. The Company has received some benefits from in the form of partial reimbursement of salaries of employees from the Unemployment Fund.

Included in statement of profit or loss of government support relating to supporting the payroll of Company's Bahraini employees amounting to BD is BD 58,307 received during the six-month period ended 30 June 2021. The Company has elected to present this support as other income.

The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. Based on their assessment, the management and board of directors has concluded that the Company will continue as a going concern entity for the next 12 months.

In preparing the condensed interim financial information, judgements made by management in applying the Company's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

**18 SUPPLY OF STRATEGIC WHEAT**

The Company signed a contract with Government of the Kingdom of Bahrain on 30 April 2020 to supply and store additional 26,838 tons of grain for total cost of BD 3,227,991 as a strategic stock (comprising of BD 2,807,145 for cost of wheat and BD 420,846 for wheat handling charges). The duration of the contract is for six months and subject to renewal. The Contract lapsed on 31 October 2020.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the six months ended 30 June 2021**

Bahraini dinars

*18 SUPPLY OF STRATEGIC WHEAT (continued)*

As per the contract the value of the stock to be transferred to the Company as advance subsidy against wheat to be used in future production. In addition, the Government will pay rental, transportation and Insurance cost for three months post contract termination.

As result of this transaction in the year ended 31 December 2020, the Company recognised additional inventory of BD 2,807,145 and corresponding liability as due to Government. As per the understanding with Government of the Kingdom of Bahrain through Ministry of Finance and National Economy the amount of strategic wheat payable will be adjusted against the Government subsidy receivables effective from February 2021. During the six months period ended 30 June 2021, the Company has utilized the entire strategic wheat and the Company has adjusted an amount of BD 2,807,145 against the balance due to Government.

**19 COMMITMENTS AND CONTINGENCIES****(i) Commitments*****i) Statement of financial position***

Pending capital commitment

Letters of credit

	<b>30 June 2021 (Reviewed)</b>	<b>31 December 2020 (Audited)</b>
	296,015	296,015
	213,475	235,616
	<b>509,490</b>	<b>531,631</b>

**(ii) Contingencies**

At 30 June 2021, the Company had contingent liabilities in respect of the bank guarantees amounting to BD 500 (31 December 2020: BD 500) from which is anticipated that no material liabilities will arise.

**Supplementary information – Not reviewed****SUPPLEMENTARY DISCLOSURE RELATED TO THE IMPACT OF COVID-19** *(not reviewed)*

Further to the CBB letter dated 14 July 2020 (ref. OG/259/2020), Bahrain Flour Mills Company B.S.C. provides the following information:

<i>A. The overall impact on the financial statements</i>	
The overall impact on the financial statements of BFM as at 30 <sup>th</sup> June 2021 has been assessed by Management and is described as per below:	
<i>B. The impact on Income Statement</i>	
Revenues	Q2 2021 has seen a reduction in sales volume and demand relating to the impact of Covid. During the Jan to June period, BFM received some additional commercial business other than the subsidised business. The month of June 2021 saw improvements in volumes indicating a positive impact in the reduction of restrictions. This gives some support to the notions of increasing sales volumes with the continued easing of covid restrictions for the remainder of the year ahead.
Expenses	BFM incurred additional expenses of BD 58,872 up to 30 June 2021 in relation to COVID-19.
Investment Income/loss	The company holds financial assets at fair value through profit or loss, the change in the fair value/reported profit for the period is BD 2,169,732 as compared to fair value gain of BD 376,352 for the year 2020; markets improving from the initial setback.
Net income	Additional financial support was provided by the Government of Bahrain in June 2021 with 50% salary support for all Bahraini employees. – BD 58,307
<i>C. The impact on Balance Sheet</i>	
<i>Assets</i>	
Cash and cash equivalents	We have unused facilities available from Banks. Our liquidity position is strong, and we have not noticed any material reduction in our cash collection. Further, the company has liquid investment on balance sheet.



**Supplementary information – Not reviewed***SUPPLEMENTARY DISCLOSURE RELATED TO THE IMPACT OF COVID-19 (not reviewed) (continued)*

	<p>We have strong cash flow from customers, and we anticipate this is to continue and we anticipate the government subsidy to remain the same. There is no material impact on any other assets of the Company as at 30 June 2021, but for the ECL provision as per the IFRS.</p> <p>Investment at fair value through profit and loss has increased in value by 21% from BD 10,456,304 as of 31 December 2020 to BD12,626,037 as at 30 June 2021.</p>
<i>Liabilities</i>	
Import finance loans	BFM currently carries debt for the normal course of business and the COVID related purchase of strategic wheat which was financed by the government and was outstanding on 31.12.2020 has been fully offset by subsequent subsidy claims.
Net equity attributable to shareholders	The net equity has improved by BD 2,043,733, a net result of current comprehensive income less dividend paid, and charity contribution set aside from 2020 income.
Other material impact on the Balance Sheet	No other impact

*D. The impact on the company's ability to continue as going concern*

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. Considering the above, this condensed interim financial information has been appropriately prepared on a going concern basis.