

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

### **CONDENSED INTERIM FINANCIAL INFORMATION**

**31 March 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 Ms. Raghdan Saleh Qasim Abdulrasool
Offices and plant	:	Building 1773, Road 4236, 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)

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 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

11 May 2021

### Introduction

We have reviewed the accompanying 31 March 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 31 March 2021;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed interim statement of cash flows for the three-month period ended 31 March 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 31 March 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 31 March 2021**

Bahraini dinars

	Note	31 March 2021 (Reviewed)	31 December 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	5,985,596	6,091,403
<b>Total non-current assets</b>		<b>5,985,596</b>	6,091,403
<b>Current assets</b>			
Investment at fair value through profit or loss	9	11,393,375	10,456,304
Inventory		5,276,571	8,656,020
Receivables and other assets	8	1,518,843	2,313,450
Cash and bank balances		1,246,625	1,854,034
Fixed deposit		252,325	752,325
<b>Total current assets</b>		<b>19,687,739</b>	24,032,133
<b>Total assets</b>		<b>25,673,335</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		13,065,868	12,347,307
<b>Total equity</b>		<b>21,602,998</b>	20,884,437
<b>Non-current liabilities</b>			
Lease liabilities		340,393	351,343
Employee benefits		88,218	83,923
<b>Total non-current liabilities</b>		<b>428,611</b>	435,266
<b>Current liabilities</b>			
Lease Liabilities		67,380	67,380
Trade payables and other liabilities		2,107,675	3,351,469
Import finance loans		1,466,671	4,893,829
Bank overdraft		-	491,155
<b>Total current liabilities</b>		<b>3,641,726</b>	8,803,833
<b>Total liabilities</b>		<b>4,070,337</b>	9,239,099
<b>Total equity and liabilities</b>		<b>25,673,335</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 three months ended 31 March 2021**

Bahraini dinars

	Note	Three months ended 31 March 2021 (Reviewed)	Three months ended 31 March 2020 (Reviewed)
<b>Sales</b>	10	<b>1,928,346</b>	2,051,255
Cost of sales		(3,839,413)	(4,069,788)
<b>Gross loss before government subsidy</b>		<b>(1,911,067)</b>	(2,018,533)
Government subsidy	11	2,406,801	2,597,532
<b>Gross profit</b>		<b>495,734</b>	578,999
Other operating expenses		(335,655)	(318,685)
<b>Operating profit</b>		<b>160,079</b>	<b>260,314</b>
Other income		13,795	12,164
Change in fair value of investment at fair value through profit and loss	9	937,071	(2,204,410)
<b>Profit / (loss) for the period</b>		<b>1,110,945</b>	(1,931,932)
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>1,110,945</b>	(1,931,932)
<b>Basic and diluted earnings per share (fils)</b>	4	<b>45</b>	(78)



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 three months ended 31 March 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>
Charity approved for 2020	-	-	-	-	(20,000)	(20,000)
Dividends declared for 2020	-	-	-	-	(372,384)	(372,384)
<b>Total comprehensive income for the period</b>	-	-	-	-	1,110,945	1,110,945
<b>At 31 March 2021</b>	<b>2,481,877</b>	<b>1,350,000</b>	<b>1,241,625</b>	<b>3,463,628</b>	<b>13,065,868</b>	<b>21,602,998</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	-	-	-	-	(1,931,932)	(1,931,932)
At 31 March 2020	2,481,877	1,350,000	1,241,625	3,463,628	9,597,472	18,134,602

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

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2021**

Bahraini dinars

	<b>Three months ended 31 March 2021 (Reviewed)</b>	<b>Three months ended 31 March 2020 (Reviewed)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) for the period</b>	<b>1,110,945</b>	(1,931,932)
<i>Adjustments:</i>		
Depreciation / amortisation	144,745	150,846
Net change in investments at fair value through profit or loss	(937,071)	2,204,410
Finance cost	6,222	9,129
Interest income	(3,096)	(2,559)
Government subsidy - expense reimbursement	(12,104)	-
<i>Change in working capital:</i>		
Inventories	3,379,449	448,558
Receivables and other assets	798,269	102,003
Trade payables and other liabilities	(1,647,129)	(2,606,874)
Provision for employees' indemnities	4,295	3,700
<b>Net cash generated from / (used) in operating activities</b>	<b>2,844,525</b>	(1,622,719)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed deposit placed during the period	-	(1,000,000)
Fixed deposit matured during the period	500,000	-
Interest income received	6,018	2,559
Purchase of property, plant and equipment	(38,937)	(37,203)
<b>Net cash generated from / (used) in investing activities</b>	<b>467,081</b>	(1,034,644)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Import finance loans availed	-	5,653,156
Repayment of import finance loans	(3,427,158)	(2,812,756)
Dividends paid	-	(9,819)
Finance cost paid	(702)	(7,576)
<b>Net cash (used) in / generated from in financing activities</b>	<b>(3,427,860)</b>	2,823,005
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(116,254)</b>	165,642
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,362,879	2,036,677
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>1,246,625</b>	2,202,319
<b>Comprising:</b>		
Cash on hand	1,494	1,539
Bank balances	1,245,131	2,200,780
	<b>1,246,625</b>	2,202,319

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 three months ended 31 March 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 has been prepared in accordance with International Accounting Standard 34 (IAS), Interim Financial Reporting, 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 of the Company for the year ended 31 December 2020. 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) The condensed interim financial information is reviewed, not audited. The corresponding figures for the condensed interim statement of financial position have been extracted from the Company's audited financial statements for the year ended 31 December 2020 and the corresponding figures for the condensed interim statements of comprehensive income, changes in equity and cash flows have been extracted from the Company's 31 March 2020 reviewed but not issued condensed interim financial information.

Due to the outbreak of the novel coronavirus (COVID-19), 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. Hence, the comparative information included in the condensed interim statements of profit or loss and other comprehensive income, cash flows and changes in equity were not published, but were reviewed.

**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.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the three months ended 31 March 2021**

Bahraini dinars

**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 for the period by the weighted average number of equity shares outstanding during the period ended 31 March 2021 as follows:

	<b>31 March 2021 (Reviewed)</b>	31 March 2020 (Reviewed)
Profit / (loss) for the period	1,110,945	(1,931,932)
Weighted average number of equity shares in issue	24,832,500	24,832,500
Basic and diluted earnings per share	45 fils	(78) fils

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

**6 SEASONALITY OF OPERATIONS**

The Company does not have income of seasonal nature.

- 7 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).

**8 RECEIVABLES AND OTHER ASSETS**

	<b>31 March 2021 (Reviewed)</b>	31 December 2020 (Audited)
Trade receivables	448,430	243,871
Subsidy receivable	848,375	1,846,074
VAT receivables (net)	113,613	117,577
Advances to suppliers	36,238	39,904
Recoverable expenses	26,767	18,394
Others	45,420	47,630
	<b>1,518,843</b>	<b>2,313,450</b>

The movements on provision for impairment is as follows:

	<b>31 March 2021 (Reviewed)</b>	31 December 2020 (Audited)
At 1 January	-	94,847
Charge for the period	-	-
Written off	-	(94,847)
	-	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**For the three months ended 31 March 2021**

Bahraini dinars

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

	<b>31 March 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	937,071	376,352
<b>At end of the period</b>	<b>11,393,375</b>	<b>10,456,304</b>

This represents investments in quoted equity securities and funds.

**10 SALES**

	<b>Three months ended 31 March 2021 (Reviewed)</b>	<b>Three months ended 31 March 2020 (Reviewed)</b>
Flour	1,282,500	1,297,288
Bran	350,536	427,078
Special products	295,310	326,889
	<b>1,928,346</b>	<b>2,051,255</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 and reimbursement of storage cost. The following table shows the details of Government subsidy:

	<b>Three months ended 31 March 2021 (Reviewed)</b>	<b>Three months ended 31 March 2020 (Reviewed)</b>
Actual cost of wheat purchased and used	3,224,039	3,586,367
Plus: BD 31 per ton of wheat products sold locally	924,324	1,080,100
Expense reimbursement towards storage cost	12,104	-
	<b>4,160,467</b>	<b>4,666,467</b>
Less: Gross sales subject to subsidy	<b>(1,753,666)</b>	<b>(2,068,935)</b>
	<b>2,406,801</b>	<b>2,597,532</b>

Quantity sold during the period was 31,089 tons (Subsidised 29,817 tons and Commercial 1,272 tons) (2020: 34,842 tons (Subsidised 34,842 tons and Commercial Nil)).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2021

Bahraini dinars

## 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.

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

		Three months ended 31 March 2021 (Reviewed)	Three months ended 31 March 2020 (Reviewed)
<b>i) Statement of profit or loss and other comprehensive income</b>			
Finance cost on import finance loans	Affiliate of parent	21,600	1,490
Other operating expenses	Affiliate of parent	1,709	1,933
		<b>23,309</b>	<b>3,423</b>
<b>ii) Import Finance Loan</b>			
Loans availed during the year	Affiliate of parent	-	2,991,298
Repayment of import finance loans	Affiliate of parent	(1,453,866)	(494,741)
<b>iii) Statement of financial position</b>			
Import finance loans	Affiliate of parent	1,466,671	2,920,536
Accrued interest on import finance loans	Affiliate of parent	8,973	30,848
Bank balance	Affiliate of parent	102,436	206,533
Fixed deposits	Affiliate of parent	252,325	252,325

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the three months ended 31 March 2021**

Bahraini dinars

**12 RELATED PARTIES (continued)****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:

	<b>Three months ended 31 March 2021 (Reviewed)</b>	<b>Three months ended 31 March 2020 (Reviewed)</b>
Board of Directors' remunerations accrued during the period	15,000	15,000
Directors' sitting fees	25,800	23,600
Other board of directors' expenses	2,933	2,611
Salaries and other benefits	37,042	34,465
	<b>80,775</b>	<b>75,676</b>

**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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the three months ended 31 March 2021**

Bahraini dinars

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**  
*Fair value hierarchy (continued)*

**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:

**31 March 2021 (Reviewed)**

	Level 1	Level 2	Level 3	Total
<b>Investment securities at fair value through profit or loss:</b>				
Quoted equity securities and funds	11,393,375	-	-	11,393,375
	<b>11,393,375</b>	-	-	<b>11,393,375</b>

**31 December 2020 (Audited)**

	Level 1	Level 2	Level 3	Total
<b>Investment securities at fair value through profit or loss:</b>				
Quoted equity securities and funds	10,456,304	-	-	10,456,304
	<b>10,456,304</b>	-	-	<b>10,456,304</b>

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 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.

- 16** The property, plant and equipment includes capital work in progress an amount of BD 2,899,302 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.

**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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION****For the three months ended 31 March 2021**

Bahraini dinars

*17 COVID-19 Impact (continued)*

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. 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.

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 quarter, the Company has adjusted an amount of BD 1,546,322 against the balance due to Government and the remaining amount of BD 1,260,813 is disclosed in trade and other payables as at 31 March 2021.

**19 COMMITMENTS AND CONTINGENCIES****(i) Commitments*****Pending capital commitment***

Estimated capital expenditure contracted for at the reporting date amounted to BD 296,015 (31 December 2020: BD 296,015). The commitments are expected to be settled within 1 to 5 years from the reporting date.

***Letters of credit***

At 31 March 2021, the Company had outstanding letters of credit to counterparties of BD 220,619 (31 December 2020: BD 235,616).

**(ii) Contingencies**

At 31 March 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 31st March 2021 has been assessed by Management and is described as per below:	

<i>B. The impact on Income Statement</i>	
Revenues	Q1 2021 has seen a reduction in sales volume and demand relating to the impact of Covid. During the January to March period, BFM received some additional commercial business other than the subsidised business. Given the Covid pandemic had no yet taken hold in Q1 2020 we anticipate volumes will improve as the 2021 Financial year progresses as vaccination roll out increases and restrictions are eased.
Expenses	BFM incurred additional expenses of BD 34,112 up to 31 March 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 937,071 as compared to fair value gain of BD 375,373 for the year 2020; markets improving from the initial setback.
Net income	As mentioned in this disclosure above.

<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 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 31 March 2021.</p> <p>Investment at fair value through profit and loss has increased in value by 3.7% from BD 10,456,304 as of 31 December 2020 to BD11,393,376 as at 31 March 2021.</p>
<i>Liabilities</i>	
Strategic Wheat Payable- Due to Government	BFM currently carries debt for the normal course of business and the only transaction related COVID pandemic was a purchase of strategic wheat on behalf of the government of BD 2,807,135 and reported as payable now stands at BD1,260,823 as of 31 <sup>st</sup> March 2021 after two settlements.
Net equity attributable to shareholders	The net equity has improved by BD 718,562, 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 Financial Statements have been appropriately prepared on a going concern basis.