BMMI B.S.C.

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

31 DECEMBER 2025

PO Box 828, Manama, Kingdom of Bahrain
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CR 10999

ص.ب. رقم ٨٢٨، المنامة، مملكة البحرين
رقم الهاتف: ٩٤٤٤ ١٧٧٣ ٩٧٣+
رقم الفاكس: ١١٨٦ ١٧٧٣ ٩٧٣+

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Group's Annual Report and consolidated financial statements for the year 2025. I am proud to report that BMMI delivered a strong year of performance, supported by disciplined execution, a clear strategy, and our continued commitment to Making a Difference.

The year was shaped by ongoing global and regional uncertainty, with geopolitical and economic pressures continuing to affect markets worldwide. Despite this challenging environment, BMMI demonstrated resilience and adaptability, supported by the dedication of our people and the strength of our operating model. The Board continued to closely oversee the Group's performance and risk environment to ensure the business remained well positioned for sustainable, long-term growth.

I am pleased to report that the Group achieved a net profit of BD 7.5 million, representing a 16% increase compared to the previous year. This strong result reflects prudent cost management, operational discipline, and the continued performance of our core retail and distribution businesses. The Group remains financially sound, enabling continued investment in growth, innovation, and the communities we serve.

A key highlight of the year was the continued expansion and transformation of Alosra Supermarket, including the successful launch of Alosra On The Go, a new convenience retail concept introduced in partnership with Bapco Energies. This initiative represents an important strategic milestone, expanding our retail presence across Bahrain and strengthening our focus on convenience and accessibility in response to changing customer needs.

Alongside our commercial progress, BMMI remained firmly committed to responsible business practices and meaningful community engagement. One of our proudest achievements during the year was Alosra's Sunflower Shopping, Bahrain's first inclusive shopping experience for neurodivergent individuals, including those with autism and ADHD, delivered in partnership with Think Behaviour and Development Center for Children. This initiative reflects our belief that inclusion should be part of everyday life, and we are proud of the positive impact it has created, both within our stores and beyond.

Our support for youth, education, and wellbeing continued through several long-standing initiatives. These include our sponsorship of the 3rd Asian Youth Games, our partnership with INJAZ Bahrain, including the sponsorship of their new headquarters and the INJAZ Finance Park, the continuation of the Alosra Scholarship Programme, and the sponsorship of Bahraini nursing students at RCSI Bahrain. We also continued our collaboration with Alia National School, providing training and work experience opportunities for neurodivergent students. Together, these initiatives reflect our ongoing commitment to inclusion, skills development, and supporting the future workforce.

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Looking ahead, the Board remains confident in the Group's strategy and prospects. With strong governance, a resilient financial position, and a clear sense of purpose, BMMI is well placed to continue growing responsibly while delivering long-term value for shareholders and stakeholders alike

We would like to inform our shareholders that during year ended 31 December 2025, Board Remuneration fees (including representation allowances, attendance allowances, and expenses) amounted to BD **224,500** according to the following tables:

Name	**Fixed remunerations**					**Variable remunerations**					**End-of-service award**	**Aggregate amount** (Does not include expense allowance)
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total		
First: Independent / Non-Executive Directors:												
Mr. Jehad Yusuf Abdulla Amin	20,000	4,000	-	-	24,000	-	-	-	-	-	-	-
Mr. Abbas Abdulmohsen Ahmed Radhi	15,000	11,000	-	-	26,000	-	-	-	-	-	-	-
Mr. Ahmed Ebrahim Mohamed Al Saad	15,000	12,000	-	-	27,000	-	-	-	-	-	-	-
Mr. Ali Shawqi Ali Fakroo	15,000	8,000	-	-	23,000	-	-	-	-	-	-	-
Mr. Yusuf Abdulrahman Yusuf Fakhro	15,000	8,000	-	-	23,000	-	-	-	-	-	-	-
Second: Non-Executive / Non-Independent Directors:												
Mr. Abdulla Hasan Abdulla Buhindi	30,000	10,000	-	-	40,000	-	-	-	-	-	-	-
Mr. Mohamed Farooq Yusuf Almoayyed	20,000	14,500	-	-	34,500	-	-	-	-	-	-	-
Mr. Ahmed Mohamed Husain Yateem	15,000	12,000	-	-	27,000	-	-	-	-	-	-	-
Total	**145,000**	**79,500**	**-**	**-**	**224,500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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BMMI

In addition, during the year ended 31 December 2025 salaries and other allowances paid to key Management amounted to **BD 1,133,374** according to the following tables:

Executive management	Total paid salaries and allowances	Proposed bonus subject to approval	End of Service	Any other cash / in kind remuneration for 2024	Aggregate amount
CEO, Head of People, Head of Financial Controlling, Head of Beverages and Consumer, Head of Alosra & Artisan, Head of Supply Chain	**795,609**	**312,559**	**25,206**	-	**1,133,374**

On behalf of the Board of Directors, I would like to express my sincere gratitude to His Majesty the King, and His Royal Highness the Crown Prince and Prime Minister, for their continued support of the Kingdom's private sector. I also extend my appreciation to all governmental entities and ministries for their guidance and partnership. Finally, I would like to thank our shareholders, customers, business partners, and our management team and employees, whose dedication and professionalism remain central to BMMI's continued success.

Abdulla Hasan Abdulla Buhindi
Chairman

Jehad Yusuf Abdulla Amin
Vice Chairman

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BMMI B.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of BMMI B.S.C. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BMMI B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

1. Impairment of Hotel property included within property, plant and equipment

Refer to notes 3 and 5 to the consolidated financial statements.

Key audit matter	How the key audit matter was addressed in the audit
Property, plant and equipment of the Group includes Downtown Rotana Hotel ("Hotel") owned by the Group and having a carrying value of BD 27,425,126, representing approximately 27% of the Group's total assets. The Hotel is incurring losses since commencement of its operations in 2016. The Group's management has carried out an impairment assessment by comparing the Hotel's carrying value to its recoverable amount, which is higher of its value in use or fair value less costs to sell as at 31 December 2025. The Group's management involved an independent accredited external valuation expert to assess the recoverable amount based on value in use model. The impairment assessment involves a number of significant assumptions, judgements and estimates. Therefore, we considered this area as a key audit matter.	Our audit procedures included, amongst others: - Evaluating the accredited independent external valuation expert's competence, capabilities and objectivity; - Assessing the appropriateness of the valuation methodology used by the accredited independent external valuation expert; - Corroborating the key inputs used in the valuation with independently available information; - Checking the arithmetical accuracy of the calculation used in the valuation; and - Evaluating the adequacy of disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BMMI B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

2. Provision for slow moving and obsolete inventories Refer to notes 3 and 10 to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in the audit**
The Group imports and sells food and other products which have a short life span and expiry period and these items are included within the Group's inventories at the reporting date. The Group has gross inventories of BD 17,129,840, representing approximately 17% of the Group's total assets as at 31 December 2025. This area was important for the audit as significant estimation is required in assessing the appropriate level of provision for items which may be slow moving and obsolete. Such estimation includes management's expectations of forecast inventory demand, product expiry dates and inventory disposal plan for near expiry items.	Our audit procedures included, amongst others: - Observing physical inventory counts at major locations; - Performing test on a sample of items to assess the cost basis and net realisable value of inventories; - Reviewing the budget for the next year in order to gain an understanding of the forecast inventory demand and inventory disposal plan for near expiry items; - Evaluating the adequacy of provision for slow moving and obsolete inventories as at 31 December 2025; and - Evaluating the adequacy of disclosures in the consolidated financial statements.

Other information included in the Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Chairman's Statement which forms part of the Group's 2025 Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BMMI B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BMMI B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BMMI B.S.C. (CONTINUED)

Report on Other Legal and Regulatory Requirements

We report that:

a) as required by the Bahrain Commercial Companies Law:
   i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
   ii) the financial information contained in the Chairman's Statement is consistent with the consolidated financial statements; and
   iii) satisfactory explanations and information have been provided to us by management in response to all our requests.

b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.

c) As required by Article 8 of Section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
   i) has appointed a Corporate Governance Officer; and
   ii) has a Board of Directors' approved written guidance and procedures for corporate governance.

The partner in charge of the audit resulting in this independent auditor's report is Nader Rahimi.

Ernst & Young

Auditor's Registration No. 115
19 February 2026
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	**2025 BD**	2024 BD
ASSETS			
Non-current assets			
Property, plant and equipment	5	**40,187,970**	40,636,034
Right-of-use assets	6	**3,929,976**	4,004,048
Investment properties	7	**10,030,652**	10,030,652
Other investments	8	**3,659,727**	3,362,119
		57,808,325	58,032,853
Current assets			
Inventories	10	**16,372,152**	16,916,850
Trade and other receivables	11	**22,565,013**	21,933,618
Bank balances, cash and short-term deposits	12	**6,107,424**	4,579,316
		45,044,589	43,429,784
TOTAL ASSETS		**102,852,914**	101,462,637
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**14,642,854**	14,642,854
Treasury shares	14	**(1,430,101)**	(1,430,101)
Other reserves	16	**9,000,874**	8,670,808
Retained earnings		**49,419,935**	46,898,109
Equity attributable to shareholders of BMMI B.S.C.		**71,633,562**	68,781,670
Non-controlling interests		**81,935**	83,985
Total equity		**71,715,497**	68,865,655
Non-current liabilities			
Borrowings	17	**3,123,900**	5,206,500
Other financial liabilities	18	-	43,938
Lease liabilities	19	**3,241,436**	3,313,447
Employees' end of service benefits	20	**1,703,788**	1,795,808
		8,069,124	10,359,693
Current liabilities			
Trade and other payables	21	**17,002,809**	13,602,855
Other financial liabilities	18	**23,496**	-
Borrowings	17	**3,920,405**	6,701,262
Bank overdrafts	12	**813,635**	606,412
Lease liabilities	19	**1,307,948**	1,326,760
		23,068,293	22,237,289
Total liabilities		**31,137,417**	32,596,982
TOTAL EQUITY AND LIABILITIES		**102,852,914**	101,462,637

Abdulla Hassan Buhindi
Chairman

Jehad Yusuf Amin
Vice Chairman

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2025

	Note	***2025 BD***	*2024 BD*
Revenue	22	**103,519,306**	103,696,467
Costs of revenue		**(70,129,468)**	(71,380,218)
GROSS PROFIT		**33,389,838**	32,316,249
Other operating income	24	**1,424,559**	1,389,652
Selling and distribution expenses		**(9,787,772)**	(9,478,847)
General and administrative expenses		**(16,245,093)**	(16,291,681)
PROFIT FROM OPERATIONS		**8,781,532**	7,935,373
Dividend and interest income	25	**403,137**	347,774
Share of results of a joint venture		**(38,185)**	(71,172)
Net losses on other investments carried at fair value through profit or loss	8	**(2,822)**	(1,117)
Finance costs	23	**(1,564,950)**	(1,673,369)
PROFIT OF THE GROUP FOR THE YEAR	23	**7,578,712**	6,537,489
of which profit attributable to non-controlling interests		**(74,260)**	(63,803)
PROFIT OF THE GROUP FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF BMMI B.S.C.		**7,504,452**	6,473,686
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	26	**53**	45

Abdulla Hassan Buhindi
Chairman

Jehad Yusuf Amin
Vice Chairman

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	*2024*
	BD	*BD*
PROFIT OF THE GROUP FOR THE YEAR	**7,578,712**	6,537,489
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to the consolidated statement of income in subsequent years:		
- Net changes in fair value of other investments classified as fair value through other comprehensive income (note 8 and note 16)	**309,624**	(887,873)
Items to be reclassified to the consolidated statement of income in subsequent years:		
- Change in fair value of other financial liabilities (note 16 and note 18)	**20,442**	41,818
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR (NOTE 16)	**330,066**	(846,055)
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR	**7,908,778**	5,691,434
of which income attributable to non-controlling interests	**(74,260)**	(63,803)
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF BMMI B.S.C.	**7,834,518**	5,627,631

Abdulla Hassan Buhindi
Chairman

Jehad Yusuf Amin
Vice Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 BD	2024 BD
OPERATING ACTIVITIES			
Profit for the year		**7,578,712**	6,537,489
Adjustments for:			
Depreciation of property, plant and equipment	5	**2,880,153**	2,910,925
Depreciation of right-of-use assets	6	**1,406,167**	1,510,517
Write-offs of property, plant and equipment	5	**-**	83,707
Share of results of a joint venture		**38,185**	71,172
Net losses on other investments carried at fair value through profit or loss	8	**2,822**	1,117
Provision (reversal of provision) for slow moving and obsolete inventories	10	**63,128**	(199,736)
Allowance (reversal of allowance) for expected credit losses on trade receivables	11	**148,722**	(32,746)
Provision for employees' end of service benefits	20	**322,706**	355,467
Finance costs	23	**1,255,199**	1,442,293
Loss (gain) on disposals of property, plant and equipment	23	**564**	(4,572)
Dividend and interest income	25	**(403,137)**	(347,774)
Gain on termination of leases		**(5,317)**	(3,762)
Operating profit before working capital changes		**13,287,904**	12,324,097
Working capital changes:			
Inventories		**481,570**	(1,684,697)
Trade and other receivables		**(780,117)**	956,310
Trade and other payables		**3,586,269**	2,248,170
Net cash generated from operations		**16,575,626**	13,843,880
Income tax paid		**-**	(46,545)
Directors' remuneration paid		**(224,500)**	(256,500)
Employees' end of service benefits paid to employees	20	**(169,209)**	(411,493)
Employees' end of service benefits paid to Social Insurance Organization	20	**(250,517)**	(185,408)
Net movements in advances against employees' end of service benefits		**5,000**	100,385
Net cash flows from operating activities		**15,936,400**	13,044,319
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(2,432,803)**	(1,177,710)
Proceeds from disposals of property, plant and equipment		**150**	4,572
Payments to non-controlling interests	29	**-**	(1,181,474)
Movement in term deposits - net	12	**(650,000)**	(650,000)
Disposal of investment carried at fair value through profit or loss	8	**9,194**	-
Dividend and interest received		**403,137**	347,774
Net cash flows used in investing activities		**(2,670,322)**	(2,656,838)

	Note	**2025 BD**	*2024 BD*
FINANCING ACTIVITIES			
Dividend paid to shareholders of BMMI B.S.C.		**(4,982,626)**	(4,270,822)
Dividend paid to non-controlling interests		**(76,310)**	-
Borrowings availed	31	**12,691,383**	14,782,219
Borrowings repaid	31	**(17,554,840)**	(23,396,634)
Interest paid		**(1,024,363)**	(1,175,375)
Payment of lease liabilities	19	**(1,648,437)**	(1,745,700)
Net cash flows used in financing activities		**(12,595,193)**	(15,806,312)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**670,885**	(5,418,831)
Cash and cash equivalents at 1 January		**3,322,904**	8,741,735
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**3,993,789**	3,322,904

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

		Equity attributable to shareholders of BMMI B.S.C.						
	Note	*Share capital BD*	*Treasury shares BD*	*Other reserves (note 16) BD*	*Retained earnings BD*	*Total BD*	*Non-controlling interests BD*	*Total equity BD*
At 1 January 2025		14,642,854	(1,430,101)	8,670,808	46,898,109	68,781,670	83,985	68,865,655
Profit for the year		-	-	-	7,504,452	7,504,452	74,260	7,578,712
Other comprehensive income for the year		-	-	330,066	-	330,066	-	330,066
Total comprehensive income for the year		-	-	330,066	7,504,452	7,834,518	74,260	7,908,778
Final dividend for 2024	15	-	-	-	(4,982,626)	(4,982,626)	(76,310)	(5,058,936)
Balance at 31 December 2025		**14,642,854**	**(1,430,101)**	**9,000,874**	**49,419,935**	**71,633,562**	**81,935**	**71,715,497**

Retained earnings include statutory reserves amounting to BD 340,000 relating to the subsidiaries as at 31 December 2025.

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

		Equity attributable to shareholders of BMMI B.S.C.						
	Note	*Share capital BD*	*Treasury shares BD*	*Other reserves (note 16) BD*	*Retained earnings BD*	*Total BD*	*Non-controlling interests BD*	*Total equity BD*
At 1 January 2024		14,642,854	(1,430,101)	9,516,863	44,695,245	67,424,861	1,201,656	68,626,517
Profit for the year		-	-	-	6,473,686	6,473,686	63,803	6,537,489
Other comprehensive loss for the year		-	-	(846,055)	-	(846,055)	-	(846,055)
Total comprehensive (loss) income for the year		-	-	(846,055)	6,473,686	5,627,631	63,803	5,691,434
Final dividend for 2023	15	-	-	-	(4,270,822)	(4,270,822)	-	(4,270,822)
Payments to non-controlling interests	29	-	-	-	-	-	(1,181,474)	(1,181,474)
Balance at 31 December 2024		14,642,854	(1,430,101)	8,670,808	46,898,109	68,781,670	83,985	68,865,655

Retained earnings include statutory reserves amounting to BD 340,000 relating to the subsidiaries as at 31 December 2024.

1 CORPORATE INFORMATION AND ACTIVITIES

BMMI B.S.C. ("the Company" or "BMMI") is a public joint stock company, whose shares are publicly traded on the Bahrain Bourse, incorporated in the Kingdom of Bahrain and is registered with the Ministry of Industry and Commerce under commercial registration (CR) number 10999. The address of the Company's registered office is Building 812, Road 31, Block 611, Al Hamriya, Kingdom of Bahrain.

The principal activities of the Company and its subsidiaries (together "the Group") and its joint venture are the wholesale and retail of food, beverages and other consumable items, logistics and shipping services. The Group also owns a five-star hotel in the Kingdom of Bahrain. The Group's operations are conducted in the Kingdom of Bahrain, United Arab Emirates, Kingdom of Saudi Arabia, Republic of Iraq, United States of America, Republic of Djibouti, Republic of South Sudan, Republic of Sudan and Republic of Kenya.

The political and economic situation in Sudan and South Sudan is currently volatile due to the ongoing internal conflicts, which have resulted in economic crisis and political instability. The Group's management is closely monitoring the latest developments in Sudan and South Sudan and has fully provided for the assets in prior years. The Group's management has concluded that no adjustments are required to be made to the reported amounts of the Group’s financial and non–financial assets and liabilities in the consolidated financial statements as at 31 December 2025 and as at 31 December 2024. However, the situation remains volatile and the recorded amounts remain sensitive to fluctuations, the extent of which is presently undeterminable.

During the year ended 31 December 2025 and the year ended 31 December 2024, management performed a detailed assessment of the impact of applying International Accounting Standard 29 (IAS 29), *Financial Reporting in Hyperinflationary Economies* as Sudan and South Sudan are hyperinflationary economies and determined that the impact of applying IAS 29 is not material to the Group's consolidated financial statements as at 31 December 2025 and as at 31 December 2024.

The consolidated financial statements were authorised for issue by the Board of Directors on 19 February 2026.

The financial statements of the Company include the assets, liabilities, revenue, costs, income and expenses of BMMI B.S.C. and the following branches of the Company which are registered with the Ministry of Industry and Commerce (collectively referred to as "the Company"):

Branch	***CR number***	***Activity***
BMMI	10999-1	Cargo clearance, sale/ trade of food and beverages, selling and buying shares and securities, sea freight agent, other professional, scientific and technical activities, shipping agent and general trade
BMMI	10999-4	Sale/ trade of food and beverages
BMMI	10999-6	Cargo clearance, sale/ trade of food and beverages, selling and buying shares and securities, sea freight agent, insurance brokers, other professional, scientific and technical activities, shipping agent and general trade
Bahrain Logistics Services	10999-8	Warehousing and storage - storage of food items
BMMI	10999-9	Activities of head offices or management offices
Bahrain Logistics Services	10999-10	Warehousing and storage - storage of food items

1 CORPORATE INFORMATION AND ACTIVITIES (continued)

The subsidiaries of the Company are as follows:

Names of subsidiaries	*Ownership interest* **2025**	*Ownership interest* *2024*	*Country of incorporation*	*Principal activities*
Nader Trading Company W.L.L.	**100%**	100%	Kingdom of Bahrain	Managing various consumer agencies.
Alosra W.L.L.	**100%**	100%	Kingdom of Bahrain	Supermarket management.
Banader Hotels Company B.S.C. (refer note 29)	**100%**	100%	Kingdom of Bahrain	Activities of head offices or management offices - hospitality management and selling and buying shares and securities.
White Hotels Company W.L.L. ("the Hotel")	**100%**	100%	Kingdom of Bahrain	Ownership and operations of Downtown Rotana Bahrain.
BMMI s.a.r.l.	**100%**	100%	Republic of Djibouti	Air transport activity, storage and distribution, import and export.
BMMI FZ	**100%**	100%	Republic of Djibouti	Provider of end-to-end supply chain solutions, integrated facility management, logistics and provides procurement services.
Bayader Company Restaurant Management W.L.L.	**100%**	100%	Kingdom of Bahrain	Management services for hotels and restaurants for tourists.
BMMI Food Services W.L.L.	**100%**	100%	Kingdom of Bahrain	Food and catering services.
Gulf Ships for Sea Freight Company L.L.C.	**100%**	100%	Kingdom of Saudi Arabia	Managing cargo handling, shipping and freight services.
McGettigan Hospitality Management Co. W.L.L.	**80%**	80%	Kingdom of Bahrain	Hospitality management.
Fasttrack Export L.L.C.	**100%**	100%	State of Florida, United States of America	No business activities have commenced yet.
Ardh Al Ahad For General Trading L.L.C.	**100%**	100%	Republic of Iraq	Provisioning of catering and housekeeping services.
BMMI International Holding W.L.L.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.

1 CORPORATE INFORMATION AND ACTIVITIES (continued)

BMMI International Holding W.L.L. has the following subsidiary at the reporting date:

Names of subsidiaries	*Ownership interest* **2025**	*Ownership interest* *2024*	*Country of incorporation*	*Principal activities*
Global Sourcing and Supply East Holding W.L.L.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.

Global Sourcing and Supply East Holding W.L.L. has the following subsidiaries at the reporting date:

Names of subsidiaries	*Ownership interest* **2025**	*Ownership interest* *2024*	*Country of incorporation*	*Principal activities*
Global Sourcing and Supply Services Co. Limited	**100%**	100%	Republic of Sudan	Provisioning of catering and housekeeping services.
Global Sourcing and Supply Services Co. Limited	**100%**	100%	Republic of South Sudan	Provisioning of catering and housekeeping services.
Global Sourcing and Supply Kenya Limited (a)	**100%**	100%	Republic of Kenya	Under liquidation.

(a) During 2021, the Group has decided to cease the operations of Global Sourcing and Supply Kenya Limited and placed it for voluntary liquidation. The liquidation process has not been completed at the date of issuance of the consolidated financial statements.

The Group's joint venture is as follows:

Name of joint venture	*Ownership interest* **2025**	*Ownership interest* *2024*	*Country of incorporation*	*Principal activities*
UQLC Facility Management Company Limited	**50%**	50%	United Arab Emirates	Provision of facility management, business consultancy, management consultancy overseas and to act as a holding company.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements are prepared under the historical cost basis, except for other investments, investment properties and derivative financial instrument that have been measured at fair value.

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

2 MATERIAL ACCOUNTING POLICIES (continued)

Presentation and functional currency
The consolidated financial statements have been prepared in Bahraini Dinars (BD), being the presentation currency of the Group and functional currency of the Company.

Basis of consolidation
The consolidated financial statements comprise the financial statements of BMMI B.S.C. and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognised at fair value.

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for the following amendment to a standard adopted by the Group as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2 MATERIAL ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group (continued)

- *Lack of exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – the amendments specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments did not have a material impact on the Group's financial statements.*

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Buildings on freehold land	5 to 40 years
Buildings on leasehold land	15 to 20 years (lower of lease term and useful life)
Plant and equipment	2 to 10 years
Motor vehicles	5 years

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related items of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as an expense as incurred.

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

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

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

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2 MATERIAL ACCOUNTING POLICIES (continued)

Leases - Group as a lessee (continued)

i) Right-of-use assets

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

Buildings	3 to 16 years
Motor vehicles	3 years

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

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

Right-of-use assets are also subject to impairment. Refer to the accounting policy for "Impairment of non-financial assets".

ii) Lease liabilities

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

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

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

iii) Short-term leases and leases of low-value assets

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

Leases - Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is recognised on a straight-line basis over the lease terms and is included in income in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

2 MATERIAL ACCOUNTING POLICIES (continued)

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs include those expenses incurred in bringing each product to its present location and condition and is determined on a weighted average cost basis.

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

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

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

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

Investment properties
Properties held for either rental income or capital appreciation or both purposes are classified as investment properties. The Group classifies the entire property as investment property when the owner-occupied portion is insignificant and cannot be sold or leased separately. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the consolidated statement of income in the year in which they arise.

Investment properties are derecognised when either they are disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the year of derecognition.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2 MATERIAL ACCOUNTING POLICIES (continued)

Investment in a joint venture
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of income.

The consolidated statement of income reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of the joint venture is presented as part of the consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture.

The aggregate of the Group's share of results of joint venture is shown on the face of the consolidated statement of income outside operating profit and represents results after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'share of results of a joint venture' in the consolidated statement of income.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses once its interest in the joint venture is reduced to zero, unless it has incurred obligations or made payments on behalf of the joint venture. As the Group has incurred obligations towards the joint venture, the Group continues to recognise share of losses even after the investment in joint venture has reduced to zero.

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

2 MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)
An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents do not include restricted bank accounts provided as security.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligations under the contract.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient which are measured at the transaction price determined under contracts with customers (refer to accounting policy for revenue from contracts with customers), the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include other investments, a portion of trade and other receivables and bank balances, cash and short-term deposits.

Subsequent measurement

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

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

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

Financial assets measured at fair value

Financial assets classified as fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as FVTPL, unless the Group designates an investment that is not held-for-trading as fair value through other comprehensive income (FVOCI) on initial recognition.

Debt instruments that do not meet the SPPI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at fair value through profit or loss. A debt instrument may be designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising gains or losses on them on different basis. The Group designated its debt instruments as FVTPL.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as FVTPL on initial recognition is not allowed.

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

Interest income on debt instruments designated as FVTPL is included under dividend and interest income in the consolidated statement of income.

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)
Subsequent measurement (continued)
Financial assets measured at fair value (continued)
Dividend income on investments in equity instruments measured at FVTPL is recognised in the consolidated statement of income when the Group's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income (FVOCI)
The Group elected (on an instrument-by-instrument basis) to designate its investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held-for-trading.

A financial asset is held-for-trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Group has designated most of its investments in equity instruments at FVOCI on initial application of IFRS 9, as the Board of Directors believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the consolidated statement of income.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of comprehensive income and accumulated in investment revaluation reserve. The cumulative gain or loss cannot be reclassified to the consolidated statement of income on disposal of the investments.

Dividends are recognised as dividend income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

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

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

On derecognition of a financial asset measured at amortised cost or at fair value through profit or loss, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of income.

On derecognition of a financial asset that is classified as FVOCI, the cumulative gain or loss previously accumulated in investment revaluation reserve is not reclassified to the consolidated statement of income, but transferred to retained earnings.

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are initially classified as financial liabilities at amortised cost and measured at fair value net of transaction costs. The Group's financial liabilities include borrowings, a portion of trade and other payables, bank overdrafts and lease liabilities.

Subsequent measurement

Financial liabilities within the scope of IFRS 9 are subsequently measured at amortised cost using the EIR.

Financial liabilities at amortised cost

Borrowings

After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the EIR. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Trade and other payables

Liabilities for trade and other payables are subsequently measured at amortised cost.

Derecognition of financial liabilities

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

2 MATERIAL ACCOUNTING POLICIES (continued)

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

Amortised cost of financial instruments
The EIR is a method of calculating the amortised cost of a debt instrument and of allocating interest income/ expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts (including all fees and commission paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derivative financial instrument
Initial recognition and subsequent measurement
The Group uses interest rate swap to hedge its risks associated with interest rate fluctuations on floating rate borrowing. This derivative financial instrument is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivative is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative in the consolidated statement of financial position.

For the purpose of hedge accounting, the interest rate swap is classified as cash flow hedge as this hedges the Group’s exposure to variability in cash flows due to interest rate fluctuations. There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). To test the hedge effectiveness, the Group compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument;
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The fair value of interest rate swap is determined by reference to market values for similar instruments. The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while any ineffective portion is recognised immediately in the consolidated statement of income.

Amounts recognised as other comprehensive income are transferred to consolidated statement of income when the hedged item affects consolidated statement of income, such as when the hedged financial income or financial expense is recognised.

2 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instrument (continued)

Initial recognition and subsequent measurement (continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated statement of income as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

Fair value measurement

The Group measures financial instruments, such as, other investments and other financial liabilities, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group 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.

The Group's management, with discussion with the Investment Committee, determines the policies and procedures for both recurring fair value measurement, such as investment properties, unquoted investments and other financial liabilities, and for non-recurring fair value measurement, such as assets held for distribution in a discontinued operation.

2 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
External valuers are involved for valuation of significant assets, such as buildings, investment properties and investments, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually after discussion with the Company's Board of Directors. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

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

Treasury shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's treasury shares.

Employees' end of service benefits
The Group makes contributions to relevant Government schemes for its employees in each jurisdiction, calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group also provides for end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Under a new end of service benefits system for non-Bahraini employees, effective from 1 March 2024, the Group is required to pay the monthly end of service contributions electronically through the Social Insurance Organisation (SIO) portal calculated as a percentage of the employees' salaries. Benefits accrued before 1 March 2024 will remain recorded in the Group's consolidated financial statements and will be paid to the employee as or when the employee leaves the Group.

Revenue from contracts with customers
The Group is in the business of wholesale and retail of food, beverages and other consumable items and also provides logistics and shipping services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration and consideration payable to the customer (if any).

Room revenue
Room revenue from hotel operations represents total amounts charged to customers and guests during the year including service charges net of the portion applicable to employees as and where applicable, plus unbilled guests ledger at the end of the reporting period. Revenue from hotel operations is stated net of rebates and other allowances. These services are sold either separately or bundled together with the sale of food and beverages to a customer. The Group concluded that room revenue from hotel operations will be recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of food and beverages will be recognised at a point in time, upon delivery of the food and beverages.

2 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Rendering of services

Revenue from rendering of services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Commission income

Commission income from shipping operations is recognised when services are rendered by the Group.

Principal vs agent considerations

The Group has determined that for most of the goods and services provided to the customers, it acts as a principal as it controls the goods and services before they are transferred to the customers. However, the Group provides certain shipping services in which it acts as an agent. In cases where the Group acts as an agent, it only recognises revenue at the net amount which is retained for these arrangements.

Variable consideration

Certain contracts for the sale of goods provide customers with right of return, volume rebates, display (gondola) and listing fees. Rights of return, volume rebates, display (gondola) and listing fees give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

Rights of return

The consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements of constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Group presents a refund liability and an asset for the right to recover products from a customer within trade and other payables and inventories, respectively.

Volume rebates

The Group provides retrospective volume rebates to its customers on all products purchased by the customer once the quantity of products purchased during the year exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer.

Retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the ‘most likely amount method’ for contracts with a single volume threshold and the ‘expected value method’ for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration.

Display (gondola) and listing fees give rise to variable consideration which are estimated by using ‘most likely amount method’ for contracts. The selected method best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration.

Taxation

There is no tax on corporate income in the Kingdom of Bahrain. Taxation on foreign subsidiaries is provided in accordance with the fiscal regulations applicable in the respective country.

Income tax in the consolidated statement of income for the year comprises current tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in consolidated statement of comprehensive income is recognised in consolidated statement of comprehensive income and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Provisions

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

Cash dividend to shareholders of the Company

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

Foreign currency

The Group’s consolidated financial statements are presented in Bahraini Dinars, which is the presentation currency of the Group and the functional currency of the Company i.e. the currency of the primary economic environment in which the Company operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of income.

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

2 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency (continued)

Group companies

Upon consolidation, the assets and liabilities of foreign operations are translated into Bahraini Dinars (BD) at the rate of exchange prevailing at the reporting date and their statements of income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in the consolidated statement of comprehensive income. On disposal of a foreign operation, the component of consolidated statement of changes in equity relating to that particular foreign operation is recognised in the consolidated statement of income.

Value added tax (VAT)

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

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Going concern

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

Gross versus net presentation

When the Group sells goods or services as a principal, revenue and payments to suppliers are reported on a gross basis in revenue and costs of revenue. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on an analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and costs of revenue but do not impact reported assets, liabilities or cash flows.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

Determining the timing of revenue from room services and shipping services

The Group concluded that revenue from room services and shipping services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group which demonstrates that the Group's performance obligations are complete as and when customer simultaneously receives and consumes the benefits.

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return, volume rebates and display fees that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Classification of properties

Properties which are purchased with the intention to earn rental income or capital appreciation or both are classified as investment properties. All other properties are classified as property, plant and equipment.

Determining the lease term of contracts with renewal and termination options

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

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases of buildings with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than three years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates

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

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

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

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the assets or CGU.

As a result of the impairment analysis, management believes there is no impairment in the value of property, plant and equipment and right-of-use assets as at 31 December 2025 and as at 31 December 2024.

Useful lives of property, plant and equipment and right-of-use assets

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

Fair value of investment properties

Investment properties comprise of buildings which are not occupied substantially for use by, or in the operations of, the Group, but are held primarily to earn rental income or for capital appreciation. The fair value of the investment properties has been determined by the Investment Committee based on the valuation performed by an independent valuer. The valuation undertaken is based on open market value, supported by market evidence in which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller at the date of valuation with appropriate adjustments for liquidity and other discount factors.

Valuation of unquoted equity investments

Management uses its best judgement in determining fair values of the unquoted investments using indicative bids provided by the fund administrators, market multiples, adjusted net assets value or other appropriate valuation techniques. Management uses its best estimates, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted investments.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Provision for slow moving and obsolete inventories

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

At the reporting date, gross inventories (excluding goods-in-transit and right of return assets) were BD 15,155,273 (2024: BD 15,892,069) with a provision for slow moving and obsolete inventories of BD 757,688 (2024: BD 725,357). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

Allowance for expected credit losses (ECLs) of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer types).

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

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

For other receivables, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway.

At the reporting date, gross trade receivables were BD 16,226,711 (2024: BD 15,950,470), with an allowance for expected credit losses of BD 3,750,342 (2024: BD 3,601,620).

At the reporting date, gross other receivables were BD 3,598,550 (2024: BD 2,827,894), with an allowance for expected credit losses of BD 380,427 (2024: BD 380,427).

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Allowance for expected credit losses (ECLs) on debt instruments

At every reporting date, the Group evaluates whether the debt instruments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group has not recognised any allowance for expected credit losses on debt instruments as at 31 December 2025 and as at 31 December 2024.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Estimating variable consideration for returns and volume rebates (continued)

The Group developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

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

4 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

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

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

  In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

  IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively;

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures – In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted;*

- *Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – In December 2015, the IASB issued these amendments which clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The effective date for adoption of these amendments has been deferred indefinitely;*

- *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

  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.

4 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (continued)*

  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.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2026;

- *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 Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed; 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.

- *Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21 – In November 2025, the IASB issued these amendments which require translation from a nonhyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.*

  If an entity's functional currency is the currency of a nonhyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

  An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

  The amendments also introduce certain additional disclosure requirements, including the requirement to restate the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with paragraph 34 of IAS 29. The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted.

The Group's management is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	*Buildings BD*	*Plant and equipment BD*	*Motor vehicles BD*	*Capital work-in-progress BD*	*Total BD*
Cost:						
At 1 January 2025	6,818,505	44,192,739	25,514,316	2,903,628	1,128,428	80,557,616
Additions	-	-	392,077	107,346	1,933,380	2,432,803
Transfers	-	636,021	724,443	-	(1,360,464)	-
Disposals	-	-	(153,268)	-	-	(153,268)
At 31 December 2025	6,818,505	44,828,760	26,477,568	3,010,974	1,701,344	82,837,151
Accumulated depreciation:						
At 1 January 2025	-	14,950,655	22,333,479	2,637,448	-	39,921,582
Depreciation charge for the year	-	1,210,316	1,581,588	88,249	-	2,880,153
Relating to disposals	-	-	(152,554)	-	-	(152,554)
At 31 December 2025	-	16,160,971	23,762,513	2,725,697	-	42,649,181
Net carrying values:						
At 31 December 2025	**6,818,505**	**28,667,789**	**2,715,055**	**285,277**	**1,701,344**	**40,187,970**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land BD	*Buildings BD*	*Plant and equipment BD*	*Motor vehicles BD*	*Capital work-in-progress BD*	*Total BD*
Cost:						
At 1 January 2024	6,818,505	44,192,739	24,480,097	2,806,867	1,195,201	79,493,409
Additions	-	-	256,706	113,761	807,243	1,177,710
Transfers	-	-	790,309	-	(790,309)	-
Disposals	-	-	(12,796)	(17,000)	-	(29,796)
Write-offs	-	-	-	-	(83,707)	(83,707)
At 31 December 2024	6,818,505	44,192,739	25,514,316	2,903,628	1,128,428	80,557,616
Accumulated depreciation:						
At 1 January 2024	-	13,684,682	20,785,290	2,570,481	-	37,040,453
Depreciation charge for the year	-	1,265,973	1,560,985	83,967	-	2,910,925
Relating to disposals	-	-	(12,796)	(17,000)	-	(29,796)
At 31 December 2024	-	14,950,655	22,333,479	2,637,448	-	39,921,582
Net carrying values:						
At 31 December 2024	6,818,505	29,242,084	3,180,837	266,180	1,128,428	40,636,034

5 PROPERTY, PLANT AND EQUIPMENT (continued)

The Hotel has been incurring losses since it commenced operations in 2016. Considering the impairment indicators, management performed an impairment assessment of the Hotel's property and equipment at the reporting date, which indicated that no impairment loss was required to be recognised as at the reporting date. The carrying value of the Hotel property and equipment as at 31 December 2025 is BD 27,425,126 (2024: BD 28,660,456).

The freehold land and building of the Hotel bearing title deed number 146959, with a carrying value of BD 27,425,126 (2024: BD 28,660,456) is provided as a security against certain borrowings (note 17).

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

	2025 BD	*2024 BD*
Selling and distribution expenses	**127,084**	129,940
General and administrative expenses	**2,753,069**	2,780,985
	2,880,153	2,910,925

6 RIGHT-OF-USE ASSETS

	Buildings BD	***Motor vehicles BD***	***Total BD***
At 1 January 2025	**3,728,658**	**275,390**	**4,004,048**
New leases executed (note 19)	**788,907**	**623,177**	**1,412,084**
Termination of leases	**(79,989)**	**-**	**(79,989)**
Depreciation charge for the year	**(1,074,153)**	**(332,014)**	**(1,406,167)**
At 31 December 2025	**3,363,423**	**566,553**	**3,929,976**

	Buildings BD	*Motor vehicles BD*	*Total BD*
At 1 January 2024	4,765,231	579,825	5,345,056
Remeasurement of leases (note 19)	194,663	-	194,663
Termination of leases	(25,154)	-	(25,154)
Depreciation charge for the year	(1,206,082)	(304,435)	(1,510,517)
At 31 December 2024	3,728,658	275,390	4,004,048

The depreciation charge for the years ended 31 December 2025 and 31 December 2024 has been included under general and administrative expenses in the consolidated statement of income.

7 INVESTMENT PROPERTIES

The Group's investment properties consist of land and buildings located in the Kingdom of Bahrain and held for capital appreciation and rental purposes. These investment properties are carried at fair value.

7 INVESTMENT PROPERTIES (continued)

The fair value of the investment properties has been determined by the Investment Committee based on the valuations performed by an accredited independent valuer. The valuer is an industry specialist in valuing these types of properties and has recent experience in the location and category of the property being valued. The valuation undertaken is based on open market value, supported by market evidence in which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller at the date of valuation with appropriate adjustments for liquidity and other discount factors.

	2025 BD	*2024 BD*
Rental income derived from the investment properties	**536,651**	545,340

As of the reporting date, the consolidated statement of income includes expenses of BD 118,855 (2024: BD 107,227) attributable to investment properties.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2025 BD	*2024 BD*
Within one year	**475,030**	486,663
After one year but not more than five years	**1,437,683**	447,940
After five years	**21,668**	-
	1,934,381	934,603

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties.

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	***Significant unobservable inputs***	***2025 BD***	*2024 BD*
Commercial properties	Income capitalisation method	Estimated net rental value per annum	**712,600**	670,700
		Capitalisation rate	**7% - 9%**	7% - 9%

Fair value hierarchy disclosures for investment properties have been provided in note 9.

8 OTHER INVESTMENTS

	2025 BD	*2024 BD*
Fair value through other comprehensive income (FVOCI) - quoted investments	**2,077,974**	1,863,699
Fair value through other comprehensive income (FVOCI) - unquoted investments	**1,396,114**	1,300,765
Fair value through profit or loss (FVTPL)	**185,639**	197,655
	3,659,727	3,362,119

Quoted investments
The fair values of the quoted investments are determined by reference to published price quotations in an active market.

8 OTHER INVESTMENTS (continued)

Unquoted investments
The fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators, market multiples, adjusted net assets value or other appropriate valuation techniques.

Movements in the carrying value of other investments during the year are as follows:

	2025 BD	*2024 BD*
At 1 January	**3,362,119**	4,251,109
Changes in fair values of other investments carried at FVOCI during the year	**309,624**	(887,873)
Changes in fair values of other investments carried at FVTPL during the year	**(2,822)**	(1,117)
Disposal of investment carried at FVTPL	**(9,194)**	-
At 31 December	**3,659,727**	3,362,119

9 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets measured at fair value:

		Fair value measurement using			
31 December 2025	***Date of valuation***	***Quoted prices in active markets Level 1 BD***	***Significant observable inputs Level 2 BD***	***Significant unobservable inputs Level 3 BD***	***Total BD***
Assets measured at fair value:					
Investment properties (note 7)					
- Land and buildings	31 Dec 2025	-	-	**10,030,652**	**10,030,652**
Other investments (note 8)					
Fair value through other comprehensive income:					
- quoted investments	31 Dec 2025	**2,077,974**	-	-	**2,077,974**
- unquoted investments	31 Dec 2025	-	-	**1,396,114**	**1,396,114**
Fair value through profit or loss:					
- unquoted investments	31 Dec 2025	-	-	**185,639**	**185,639**
		2,077,974	-	**1,581,753**	**3,659,727**
		2,077,974	-	**11,612,405**	**13,690,379**

9 FAIR VALUE HIERARCHY (continued)

		Fair value measurement using			
31 December 2024	*Date of valuation*	*Quoted prices in active markets Level 1 BD*	*Significant observable inputs Level 2 BD*	*Significant unobservable inputs Level 3 BD*	*Total BD*
Assets measured at fair value:					
Investment properties (note 7)					
- Land and buildings	31 Dec 2024	-	-	10,030,652	10,030,652
Other investments (note 8)					
Fair value through other comprehensive income:					
- quoted investments	31 Dec 2024	1,863,699	-	-	1,863,699
- unquoted investments	31 Dec 2024	-	-	1,300,765	1,300,765
Fair value through profit or loss:					
- unquoted investments	31 Dec 2024	-	-	197,655	197,655
		1,863,699	-	1,498,420	3,362,119
		1,863,699	-	11,529,072	13,392,771

Liabilities measured at fair value:

Fair value of other financial liabilities (derivative) is measured using Level 2 inputs and amounted to BD 23,496 (2024: BD 43,938). There were no other liabilities measured at fair value as of 31 December 2025 and as of 31 December 2024.

During the years ended 31 December 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2 hierarchy of fair value measurements, and no transfers into and out of Level 3 fair value measurement hierarchy.

Reconciliation of fair value measurements of Level 3 assets

The Group has investment properties and unquoted investments which are classified as level 3 within the fair value hierarchy. The movements in the fair value of level 3 financial and non-financial assets are as follows:

	Non-financial assets - investment properties BD	***Financial assets - unquoted investments BD***	***Total BD***
At 1 January 2025	**10,030,652**	**1,498,420**	**11,529,072**
Changes in fair values			
- through profit or loss	-	**(2,822)**	**(2,822)**
- through other comprehensive income	-	**95,349**	**95,349**
Disposal of investment carried at FVTPL	-	**(9,194)**	**(9,194)**
At 31 December 2025	**10,030,652**	**1,581,753**	**11,612,405**

9 FAIR VALUE HIERARCHY (continued)

Reconciliation of fair value measurements of Level 3 assets (continued)

	Non-financial assets - investment properties BD	*Financial assets - unquoted investments BD*	*Total BD*
At 1 January 2024	10,030,652	1,479,608	11,510,260
Changes in fair values			
- through profit or loss	-	(1,117)	(1,117)
- through other comprehensive income	-	19,929	19,929
At 31 December 2024	10,030,652	1,498,420	11,529,072

10 INVENTORIES

	2025 BD	*2024 BD*
Goods held for sale	**15,155,273**	15,892,069
Goods-in-transit	**1,926,518**	1,679,141
Right of return assets	**48,049**	70,997
	17,129,840	17,642,207
Provision for slow moving and obsolete inventories	**(757,688)**	(725,357)
	16,372,152	16,916,850

Movements in the provision for slow moving and obsolete inventories during the year, are as follows:

	2025 BD	*2024 BD*
At 1 January	**725,357**	965,466
Provided (reversal) during the year, net	**63,128**	(199,736)
Written off during the year	**(30,797)**	(40,373)
At 31 December	**757,688**	725,357

11 TRADE AND OTHER RECEIVABLES

	2025 BD	*2024 BD*
Trade receivables [net of allowance for expected credit losses of BD 3,750,342 (2024: BD 3,601,620)]	**12,476,369**	12,348,850
Other receivables [net of allowance for expected credit losses of BD 380,427 (2024: BD 380,427)]	**3,218,123**	2,447,467
Prepayments	**5,090,257**	5,011,449
Advances to suppliers	**1,780,264**	2,043,889
Net VAT receivable	-	81,963
	22,565,013	21,933,618

11 TRADE AND OTHER RECEIVABLES (continued)

Trade receivables include an amount of BD 99,500 (2024: BD 75,872) due from related parties (note 27).

Receivables amounting to BD 480,688 (2024: BD 488,810) are assigned against certain borrowings (note 17).

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

- Trade receivables are non-interest bearing and are generally settled on 30 - 90 days terms.
- Other receivables are non-interest bearing and have terms ranging between one to six months.
- For terms and conditions relating to due from related parties, refer to note 27.

The movement in the allowance for expected credit losses in respect of trade receivables during the years, is as follows:

	2025 ***BD***	*2024* *BD*
At 1 January	**3,601,620**	3,634,366
Charge (reversal) for the year - net	**148,722**	(32,746)
At 31 December	**3,750,342**	3,601,620

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

			Past due			
	Total ***BD***	***Current*** ***BD***	***Less than 30 days*** ***BD***	***31 to 90 days*** ***BD***	***91 to 120 days*** ***BD***	***More than 120 days*** ***BD***
2025						
Expected credit loss rate (%)	**23.11%**	**0.40%**	**0.92%**	**1.29%**	**3.75%**	**87.64%**
Gross trade receivables	**16,226,711**	**4,322,791**	**3,115,440**	**3,378,503**	**1,287,873**	**4,122,104**
Allowance for expected credit losses	**(3,750,342)**	**(17,454)**	**(28,557)**	**(43,497)**	**(48,249)**	**(3,612,585)**
Net trade receivables	**12,476,369**	**4,305,337**	**3,086,883**	**3,335,006**	**1,239,624**	**509,519**

			Past due			
	Total *BD*	*Current* *BD*	*Less than 30 days* *BD*	*31 to 90 days* *BD*	*91 to 120 days* *BD*	*More than 120 days* *BD*
2024						
Expected credit loss rate (%)	22.58%	0.47%	0.93%	1.42%	6.09%	84.80%
Gross trade receivables	15,950,470	4,254,638	3,710,263	3,196,758	710,802	4,078,009
Allowance for expected credit losses	(3,601,620)	(20,208)	(34,643)	(45,467)	(43,301)	(3,458,001)
Net trade receivables	12,348,850	4,234,430	3,675,620	3,151,291	667,501	620,008

12 CASH AND CASH EQUIVALENTS

	2025	*2024*
	BD	*BD*
Cash on hand	**148,667**	176,702
Cash at banks	**3,168,757**	2,602,614
Short-term deposits	**2,790,000**	1,800,000
Bank balances, cash and short-term deposits	**6,107,424**	4,579,316
Bank overdrafts	**(813,635)**	(606,412)
Deposit having original maturity of more than three months	**(1,300,000)**	(650,000)
Cash and cash equivalents	**3,993,789**	3,322,904

Bank balances earn interest at floating rates based on daily bank deposit rates. Bank overdrafts carry interest at commercial rates.

Short-term deposits are placed with commercial banks in the Kingdom of Bahrain. The deposits are made for varying periods ranging from one month to six months. The deposits are denominated in Bahraini Dinars and earn interest at commercial rates.

13 SHARE CAPITAL

	2025	*2024*
	BD	*BD*
Authorised:		
200,000,000 (2024: 200,000,000) shares of 100 fils each	**20,000,000**	20,000,000
Issued, subscribed and fully paid-up:		
146,428,549 (2024: 146,428,549) shares of 100 fils each	**14,642,854**	14,642,854

14 TREASURY SHARES

Treasury shares represent the purchase by the Company of its own shares. The Group held 4,067,817 shares (2024: 4,067,817 shares) as at 31 December 2025.

	2025	*2024*
Number of treasury shares	**4,067,817**	4,067,817
Treasury shares as a percentage of total shares in issue	**2.8%**	2.8%
Cost of treasury shares (BD / share)	**0.352**	0.352
Market price of treasury shares (BD / share)	**0.560**	0.445
Market value of treasury shares (BD)	**2,277,978**	1,810,179

15 DIVIDENDS, OTHER APPROPRIATIONS AND DIRECTORS' REMUNERATION

The Board of Directors has proposed a cash dividend of 50 fils per share (excluding treasury shares), totalling BD 7,118,037 for the year ended 31 December 2025 (2024: 35 fils per share totalling BD 4,982,626).

The Board of Directors has also proposed Directors' remuneration of BD 145,000 (2024: BD 140,000).

The proposed appropriations and the Directors' remuneration are in accordance with the Company's articles of association and are subject to approval by the shareholders at the Annual General Meeting.

16 OTHER RESERVES

	Statutory reserve BD	*Share premium BD*	*Investment revaluation reserve BD*	*General reserve BD*	*Foreign currency translation reserve BD*	*Cash flow hedge reserve BD*	*Total BD*
At 1 January 2025	7,321,427	1,012,860	(478,316)	7,000,000	(6,141,225)	(43,938)	8,670,808
Other comprehensive income	-	-	309,624	-	-	20,442	330,066
At 31 December 2025	**7,321,427**	**1,012,860**	**(168,692)**	**7,000,000**	**(6,141,225)**	**(23,496)**	**9,000,874**

	Statutory reserve BD	*Share premium BD*	*Investment revaluation reserve BD*	*General reserve BD*	*Foreign currency translation reserve BD*	*Cash flow hedge reserve BD*	*Total BD*
At 1 January 2024	7,321,427	1,012,860	409,557	7,000,000	(6,141,225)	(85,756)	9,516,863
Other comprehensive (loss) income	-	-	(887,873)	-	-	41,818	(846,055)
At 31 December 2024	7,321,427	1,012,860	(478,316)	7,000,000	(6,141,225)	(43,938)	8,670,808

a) Statutory reserve

As required by the Bahrain Commercial Companies Law and the Company's articles of association, the Group is required to transfer 10% of the profit for the year to a statutory reserve until such reserve equals 50% of the paid-up share capital. In prior years, the shareholders have resolved to discontinue the transfer of profit to statutory reserve as the reserve equals to 50% of the paid-up share capital. The reserve cannot be distributed except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

b) Share premium

The share premium arose on the disposal of treasury shares in 2018 and this can only be utilised as stipulated in the Bahrain Commercial Companies Law.

16 OTHER RESERVES (continued)

c) Investment revaluation reserve
This reserve relates to fair value changes of other investments carried at fair value through other comprehensive income.

d) General reserve
In accordance with the Company's articles of association and the recommendation of the Board of Directors, specific amounts are transferred to the general reserve to strengthen the Group's equity. No transfer was proposed for the current and prior years. There are no restrictions on distribution of the general reserve.

e) Foreign currency translation reserve
The foreign currency translation reserve recognises exchange differences arising from the translation of the financial statements of foreign operations.

f) Cash flow hedge reserve
Cash flow hedge reserve recognises the effective portion of the gain or loss on the derivative financial instrument.

17 BORROWINGS

	2025	*2024*
	BD	*BD*
Term loan (a)	**5,230,154**	7,320,844
Short term loans (b)	**1,814,151**	4,586,918
	7,044,305	11,907,762
Non-current	**3,123,900**	5,206,500
Current	**3,920,405**	6,701,262
	7,044,305	11,907,762

(a) This represents a term loan of BD 10,413,000 (USD 27,675,720) [2024: BD 10,413,000 (USD 27,675,720)] obtained by White Hotels Company W.L.L., a subsidiary of the Group, from a commercial bank which carries interest at rates varying from 1 month SOFR plus 2.21% to 3.25% (2024: 1 month SOFR plus 2.21% to 3.25%) and is repayable in 60 monthly instalments of BD 173,550 (USD 461,262) with the final payment due on 8 June 2028. The loan is secured against the freehold land and building of the Hotel bearing title deed number 146959 and assignment of White Hotels Company W.L.L.'s receivables until the settlement of loan including the interest (note 5 and note 11). The Group has used interest rate swap to hedge its risks associated with interest rate fluctuations (note 18).

(b) These represent credit facilities obtained from commercial banks in the Kingdom of Bahrain to finance procurement of inventories. The facilities carry interest at 1 to 6 months SOFR plus 1.5% to 1.85% (2024: 1 to 6 months SOFR plus 1.5% to 1.75%) per annum with tenor up to 180 days.

18 OTHER FINANCIAL LIABILITIES

Other financial liabilities represent fair value of derivative financial instrument. The Group uses interest rate swap to hedge its risks associated with interest rate fluctuations on a borrowing [note 17 (a)]. For the purpose of hedge accounting, the hedge is classified as cash flow hedge, as the interest rate swap hedges the Group's exposure to variability in cash flows attributable to fluctuations in interest rates. The contract is expiring on 8 June 2026. The notional amount outstanding as of 31 December 2025 was BD 5,230,154 (USD 13,837,873) [2024: BD BD 7,320,844 (USD 19,373,023)].

The table below summarises the maturities of the Group’s interest rate swap contract as of 31 December 2025 and 31 December 2024, based on notional amount:

2025	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 5 years BD***	***Total BD***
Notional amount	**520,650**	**347,100**	**-**	**867,750**

2024	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 5 years BD*	*Total BD*
Notional amount	520,650	1,561,950	867,750	2,950,350

19 LEASE LIABILITIES

Movements in the carrying value of lease liabilities (for buildings and motor vehicles) during the year, are as follows:

	2025 BD	*2024 BD*
At 1 January	**4,640,207**	5,953,242
Remeasurement of lease liabilities (note 6)	**-**	194,663
New leases executed (note 6)	**1,412,084**	-
Termination of leases	**(85,306)**	(28,916)
Accretion of interest (note 23)	**230,836**	266,918
Payments	**(1,648,437)**	(1,745,700)
At 31 December	**4,549,384**	4,640,207
Non-current	**3,241,436**	3,313,447
Current	**1,307,948**	1,326,760
	4,549,384	4,640,207

The Group's lease arrangements do not include in-substance fixed payments or variable lease payments that depend on an index or a rate.

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision of employees' end of service benefits recognised in the consolidated statement of financial position during the year, are as follows:

	2025	*2024*
	BD	*BD*
At 1 January	**1,912,078**	2,153,512
Provided during the year (note 23)	**322,706**	355,467
Paid during the year to employees	**(169,209)**	(411,493)
Paid during the year to SIO	**(250,517)**	(185,408)
At 31 December	**1,815,058**	1,912,078
Advances paid to employees	**(111,270)**	(116,270)
Net provision as at 31 December	**1,703,788**	1,795,808

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

21 TRADE AND OTHER PAYABLES

	2025	*2024*
	BD	*BD*
Trade payables	**7,984,868**	6,811,060
Accrued expenses	**6,595,887**	4,507,216
Other payables	**700,793**	651,375
Liability for net deficit in interest in a joint venture	**171,631**	133,446
Net VAT payable	**32,609**	-
Unclaimed dividends	**115,972**	115,972
Contract liabilities	**150,224**	132,961
Retentions payable	**1,184,521**	1,184,521
Income tax payable	**66,304**	66,304
	17,002,809	13,602,855

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year amounted to BD 132,961 (2024: BD 134,409).

Trade and other payables include amounts of BD 274,379 (2024: BD 119,770) due to related parties as of 31 December 2025, refer note 27.

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

- Trade payables are non-interest bearing and are normally settled on 60 days terms.
- Other payables are non-interest bearing and have terms ranging between one to three months.
- Unclaimed dividends are payable on demand.
- For terms and conditions relating to amounts due to related parties, refer note 27.

22 REVENUE

Set out below is the revenue from contracts with customers disaggregated by types of revenue, geographical markets and timing of revenue recognition.

	Contract services and supply		*Wholesale operations*		*Retail operations*		*Hospitality*		*Investment, shipping and other activities*		*Total*	
	2025 BD	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*
Types of revenue												
Sale of goods	**7,336,988**	10,843,821	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**2,587,322**	2,570,201	**-**	-	**100,042,420**	100,211,328
Room services	**-**	-	**-**	-	**-**	-	**2,278,849**	2,351,106	**-**	-	**2,278,849**	2,351,106
Shipping services	**-**	-	**-**	-	**-**	-	**-**	-	**666,584**	641,450	**666,584**	641,450
Catering and other services	**-**	-	**-**	-	**-**	-	**531,453**	492,583	**-**	-	**531,453**	492,583
Total revenue	**7,336,988**	10,843,821	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**5,397,624**	5,413,890	**666,584**	641,450	**103,519,306**	103,696,467
Geographical markets												
Bahrain	**3,849,147**	4,788,010	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**5,397,624**	5,413,890	**223,060**	135,156	**99,587,941**	97,134,362
Other GCC and Arab countries	**-**	-	**-**	-	**-**	-	**-**	-	**443,524**	506,294	**443,524**	506,294
Republic of Djibouti	**3,487,841**	6,055,811	**-**	-	**-**	-	**-**	-	**-**	-	**3,487,841**	6,055,811
Total revenue	**7,336,988**	10,843,821	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**5,397,624**	5,413,890	**666,584**	641,450	**103,519,306**	103,696,467
Timing of revenue recognition												
At point in time	**7,336,988**	10,843,821	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**2,587,322**	2,570,201	**-**	-	**100,042,420**	100,211,328
Over time	**-**	-	**-**	-	**-**	-	**2,810,302**	2,843,689	**666,584**	641,450	**3,476,886**	3,485,139
Total revenue	**7,336,988**	10,843,821	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**5,397,624**	5,413,890	**666,584**	641,450	**103,519,306**	103,696,467

23 PROFIT OF THE GROUP FOR THE YEAR

The profit of the Group for the year is stated after charging:

	2025	*2024*
	BD	*BD*
Staff costs		
Short term benefits	**10,322,606**	10,207,970
Contributions to the Social Insurance Organization, Bahrain (SIO)	**568,624**	519,012
End of service benefits (note 20)	**322,706**	355,467
	11,213,936	11,082,449

Staff costs have been allocated in the consolidated statement of income, as follows:

	2025	*2024*
	BD	*BD*
Selling and distribution expenses	**6,651,795**	6,535,573
General and administrative expenses	**4,562,141**	4,546,876
	11,213,936	11,082,449

	2025	*2024*
	BD	*BD*
Finance costs		
Interest on term loan - net	**462,854**	603,961
Interest on short-term loans and bank overdrafts	**561,509**	571,414
Bank charges	**309,751**	231,076
Interest on lease liabilities (note 19)	**230,836**	266,918
	1,564,950	1,673,369

	2025	*2024*
	BD	*BD*
Foreign exchange gains, net	**8,706**	19,578
(Loss) gain on disposals of property, plant and equipment	**(564)**	4,572

24 OTHER OPERATING INCOME

	2025	*2024*
	BD	*BD*
Rental income	**702,609**	751,532
Logistics income	**598,008**	526,180
Miscellaneous income	**123,942**	111,940
	1,424,559	1,389,652

25 DIVIDEND AND INTEREST INCOME

	2025	*2024*
	BD	*BD*
Dividends income	**331,307**	296,259
Interest income on short-term deposits	**71,830**	51,515
	403,137	347,774

26 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of BMMI B.S.C. by the weighted average number of ordinary shares outstanding during the year, net of treasury shares.

The following reflects the profit and share information used in the basic earnings per share computations:

	2025	*2024*
Profit for the year attributable to the ordinary shareholders of BMMI B.S.C. (BD)	**7,504,452**	6,473,686
Weighted average number of shares, net of treasury shares	**142,360,732**	142,360,732
Basic and diluted earnings per share (fils)	**53**	45

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

There have been no other transactions involving ordinary or potential ordinary shares between the reporting date and the date of approval of these consolidated financial statements, that would have a dilutive effect.

27 RELATED PARTY DISCLOSURES

Related parties represent the joint venture, 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 Group's management.

Transactions with related parties included in the consolidated statement of income are as follows:

	2025		*2024*	
	Revenue	***Expenses***	*Revenue*	*Expenses*
	BD	***BD***	*BD*	*BD*
Entities related to the shareholders	**451,324**	**2,278,619**	251,317	2,090,127

27 RELATED PARTY DISCLOSURES (continued)

Balances with related parties included in the consolidated statement of financial position, are as

	2025	
	Trade receivables BD	***Trade and other payables BD***
Entities related to the shareholders	**99,500**	**274,379**

	2024	
	Trade receivables BD	*Trade and other payables BD*
Entities related to the shareholders	75,872	119,770

As of 31 December 2025, the Group has an allowance for expected credit losses of BD 452,405 relating to amount owed by a joint venture (2024: BD 452,405) as management believed that, based on their assessment, the Group will not be able to recover the carrying value of its receivable from a joint venture.

Terms and conditions
Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided to or received for any related party payables or receivables.

Shares held by the Board of Directors
As of 31 December 2025 and as of 31 December 2024, number of shares held by the members of the Board of Directors amounted to 3,755,408.

Compensation of key management personnel
Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the Group and their remuneration is as follows:

	2025 BD	*2024 BD*
Board of Directors' remuneration	**145,000**	140,000
Board of Directors' meetings attendance fees	**79,500**	108,500
Key management personnel		
Short-term benefits	**1,108,168**	1,124,371
Employees' end of service benefits	**25,206**	24,286
	1,133,374	1,148,657
	1,357,874	1,397,157

28 CONTINGENCIES AND COMMITMENTS

Contingencies
The Group has contingencies in the form of bank guarantees issued by its banks in the ordinary course of business amounting to BD 2,783,810 (2024: BD 2,774,204) as at 31 December 2025, from which it is anticipated that no material liabilities will arise.

28 CONTINGENCIES AND COMMITMENTS (continued)

Purchase commitments
Commitments relating to confirmed purchase orders, in the normal course of business, at the reporting date amounted to BD 636,923 (2024: BD 883,625).

29 NON-CONTROLLING INTERESTS

During 2023, the Group has decided to cease the operations of Banader Hotels Company B.S.C. (Banader) and placed it for voluntary liquidation. During 2024, the Company paid amount of BD 1,181,474 to Bahrain Clear B.S.C. (c) for onward settlement of the outstanding non-controlling interests of Banader. The liquidation process has not been completed at the date of issue of the consolidated financial statements.

30 OPERATING SEGMENTS

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Group is organised into five operating segments:

Retail operations - Retail sales of food, beverages and other consumer products.

Wholesale operations - Distribution of food, beverages and other consumer products.

Contract services and supply - Contract supply of food, beverages and other consumer products and related services.

Hospitality - Hotel and restaurants business.

Investments, shipping and other activities - These consist of investment properties, investments, Group's shipping services, bank balances, short-term deposits and certain payables that are managed at a Group level.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating results and is measured consistently with operating results in the consolidated financial statements.

Transfer prices between operating segments are approved by management, and are eliminated on consolidation.

Geographical information

Revenue from external customers	***2025 BD***	*2024 BD*
Kingdom of Bahrain	**99,587,941**	97,134,362
Other GCC and Arab countries	**443,524**	506,294
Republic of Djibouti	**3,487,841**	6,055,811
Total revenue	**103,519,306**	103,696,467

30 OPERATING SEGMENTS (continued)

The table below summarises the distribution of assets and liabilities into geographical segments:

	Current assets		*Current liabilities*	
	2025	*2024*	***2025***	*2024*
	BD	*BD*	***BD***	*BD*
Kingdom of Bahrain	**36,605,158**	33,463,551	**22,015,389**	20,960,679
Other GCC and Arab countries	**1,020,370**	1,284,606	**752,971**	713,594
Republic of Djibouti	**7,419,061**	8,681,627	**299,933**	563,016
Total	**45,044,589**	43,429,784	**23,068,293**	22,237,289

	Non-current assets		*Non-current liabilities*	
	2025	*2024*	***2025***	*2024*
	BD	*BD*	***BD***	*BD*
Kingdom of Bahrain	**57,697,300**	57,533,868	**8,069,124**	10,038,534
Other GCC and Arab countries	**12,848**	11,348	**-**	-
Republic of Djibouti	**98,177**	487,637	**-**	321,159
Total	**57,808,325**	58,032,853	**8,069,124**	10,359,693

	Total assets		*Total liabilities*	
	2025	*2024*	***2025***	*2024*
	BD	*BD*	***BD***	*BD*
Kingdom of Bahrain	**94,302,458**	90,997,419	**30,084,513**	30,999,213
Other GCC and Arab countries	**1,033,218**	1,295,954	**752,971**	713,594
Republic of Djibouti	**7,517,238**	9,169,264	**299,933**	884,175
Total	**102,852,914**	101,462,637	**31,137,417**	32,596,982

30 OPERATING SEGMENTS (continued)

The following table presents the details of segmental operating results for the year ended 31 December 2025 and 31 December 2024:

	Contract services and supply		*Wholesale operations*		*Retail operations*		*Hospitality*		*Investment, shipping and other activities*		*Adjustments and eliminations*		*Total*	
	2025 BD	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*	***2025 BD***	*2024 BD*
Revenue - external customers	**7,336,988**	10,843,821	**49,329,521**	47,369,064	**40,788,589**	39,428,242	**5,397,624**	5,413,890	**666,584**	641,450	-	-	**103,519,306**	103,696,467
Revenue - inter-segments	-	-	**1,546,480**	1,374,574	**436,817**	459,985	**5,210**	5,210	**149,243**	294,471	**(2,137,750)**	(2,134,240)	-	-
Total revenue	**7,336,988**	10,843,821	**50,876,001**	48,743,638	**41,225,406**	39,888,227	**5,402,834**	5,419,100	**815,827**	935,921	**(2,137,750)**	(2,134,240)	**103,519,306**	103,696,467
Costs of revenue	**(5,024,371)**	(8,513,426)	**(40,626,668)**	(39,059,360)	**(24,448,886)**	(23,788,117)	**(2,155,087)**	(2,134,930)	-	-	**2,125,544**	2,115,615	**(70,129,468)**	(71,380,218)
Gross profit	**2,312,617**	2,330,395	**10,249,333**	9,684,278	**16,776,520**	16,100,110	**3,247,747**	3,284,170	**815,827**	935,921	**(12,206)**	(18,625)	**33,389,838**	32,316,249
Share of results of a joint venture	**(38,185)**	(71,172)	-	-	-	-	-	-	-	-	-	-	**(38,185)**	(71,172)
Net losses on other investments carried at FVTPL	-	-	-	-	-	-	-	-	**(2,822)**	(1,117)	-	-	**(2,822)**	(1,117)
Dividend and interest income	-	-	-	-	-	-	-	-	**403,137**	347,774	-	-	**403,137**	347,774
Other operating income	**64,212**	64,353	**43,263**	24,575	**6,645**	9,752	**3,889**	8,108	**2,542,607**	2,493,614	**(1,236,057)**	(1,210,750)	**1,424,559**	1,389,652
Expenses excluding depreciation, finance costs and income tax expense	**(1,678,612)**	(1,683,858)	**(7,250,786)**	(6,799,130)	**(6,725,037)**	(6,411,651)	**(2,227,211)**	(2,350,868)	**(5,113,162)**	(5,332,954)	**1,248,263**	1,229,375	**(21,746,545)**	(21,349,086)
Depreciation	**(422,158)**	(483,339)	**(466,837)**	(500,154)	**(288,599)**	(284,456)	**(1,709,334)**	(1,752,117)	**(1,399,392)**	(1,401,376)	-	-	**(4,286,320)**	(4,421,442)
Finance costs	**(8,084)**	(37,457)	**(26,154)**	(15,647)	**(222,219)**	(190,423)	**(473,762)**	(613,093)	**(834,731)**	(816,749)	-	-	**(1,564,950)**	(1,673,369)
Profit (loss) for the year	**229,790**	118,922	**2,548,819**	2,393,922	**9,547,310**	9,223,332	**(1,158,671)**	(1,423,800)	**(3,588,536)**	(3,774,887)	-	-	**7,578,712**	6,537,489
of which profit attributable to non-controlling interests	-	-	-	-	-	-	**(74,260)**	(63,803)	-	-	-	-	**(74,260)**	(63,803)
Profit (loss) attributable to shareholders of BMMI B.S.C.	**229,790**	118,922	**2,548,819**	2,393,922	**9,547,310**	9,223,332	(1,232,931)	(1,487,603)	**(3,588,536)**	(3,774,887)	-	-	**7,504,452**	6,473,686
Capital expenditure	**28,475**	60,365	**169,830**	51,426	**1,624,803**	542,670	**376,321**	258,139	**233,374**	265,110	-	-	**2,432,803**	1,177,710
Total assets	**9,053,817**	11,386,129	**23,137,934**	21,380,742	**7,408,923**	5,470,081	**11,824,728**	15,338,869	**65,259,202**	62,501,119	**(13,831,690)**	(14,614,303)	**102,852,914**	101,462,637
Total liabilities	**670,623**	1,459,519	**7,127,903**	5,667,043	**2,264,530**	1,886,188	**7,602,004**	9,579,925	**18,280,466**	19,432,525	**(4,808,109)**	(5,428,218)	**31,137,417**	32,596,982

Inter-segment transactions are eliminated upon consolidation and reflected in the "adjustments and eliminations" column.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of borrowings, lease liabilities, a portion of trade and other payables, other financial liabilities and bank overdrafts. The main purpose of these financial liabilities is to finance the Group's day-to-day operations and capital expenditure. The Group has a portion of trade and other receivables and bank balances, cash and short-term deposits that arise directly from its operations. The Group also holds investments.

The Group is exposed to market, credit, liquidity and operational risks.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by an Investment Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Investment Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and Group's risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

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

The sensitivity of the consolidated statement of income is the effect of the assumed changes in market risk. This is based on the financial assets and financial liabilities held at 31 December 2025 and at 31 December 2024.

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

The Group is exposed to interest rate risk on its variable interest bearing assets and liabilities (short-term deposits, borrowings and bank overdrafts).

The sensitivity, to a reasonably possible change in interest rates with all other variables held constant, on the Group's profit is as follows:

	2025		*2024*	
Increase (decrease) in basis points	***+50***	***-25***	*+50*	*-25*
Increase (decrease) in profit [in BD]	**811**	**(406)**	(16,967)	8,484

Equity price risk
The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management and Investment Committee on a regular basis. The Group's Investment Committee reviews and approves all equity investment decisions.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in Bahrain All Share Index for quoted investments and net asset value for unquoted investments, with all other variables held constant.

		2025		*2024*	
	Change in equity's fair value	**Effect on equity BD**	**Effect on profit BD**	*Effect on equity BD*	*Effect on profit BD*
Other investments at FVOCI					
- Quoted investments	**+5%**	**103,899**	-	93,185	-
	-5%	**(103,899)**	-	(93,185)	-
- Unquoted investments	**+5%**	**69,806**	-	65,038	-
	-5%	**(69,806)**	-	(65,038)	-
Other investments at FVTPL					
- Unquoted investments	**+5%**	**9,282**	**9,282**	9,883	9,883
	-5%	**(9,282)**	**(9,282)**	(9,883)	(9,883)

Concentration of investment portfolio

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be similarly affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of investment concentration. The concentration of the Group's investment portfolio as of 31 December, is as follows:

	2025 BD	*2024 BD*
Quoted equities	**2,077,974**	1,863,699
Private equities	**1,396,114**	1,300,765
Mutual funds	**185,639**	197,655
	3,659,727	3,362,119

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The Group's financial instruments are mainly denominated in Bahraini Dinars, US Dollars, Euros and Pound Sterling (GBP). As the Bahraini Dinar is pegged to the US Dollar, balances in the US Dollars and currencies pegged with the US Dollar are not considered to represent a significant foreign currency risk. For financial instruments denominated in other currencies, impact of change in foreign exchange rates is not considered material to the consolidated financial statements as at 31 December 2025 and as at 31 December 2024.

Credit risk

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

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade and other receivables and amounts due from related parties

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to expected credit losses is not significant. Except for certain other receivables against which the Group has recognised an allowance for expected credit losses of BD 380,427 (2024: BD 380,427), the credit risk on other receivables is considered to be low. The management believes that credit risk associated with the amounts due from related parties is assessed to be low.

Bank balances and short-term deposits

With respect to credit risk from the other financial assets of the Group, which comprise bank balances and short-term deposits, the Group's exposure to credit risk arises from default of the counterparty. The Group limits its credit risk by dealing only with reputable banks.

The maximum credit risk exposure at 31 December 2025 and 31 December 2024 is equal to the carrying value of the financial assets shown in the consolidated statement of financial position, which are net of allowance for expected credit losses and write-offs.

Credit risk concentrations

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

The Group sells its products to a large number of wholesale and retail customers. Its five largest customers account for 19% (2024: 12%) of the outstanding trade receivables at 31 December 2025.

Liquidity risk

The Group limits its liquidity risk by ensuring adequate bank facilities are available at all times. The Group's terms of sales require amounts to be paid within 30-90 days of the date of sale. Trade payables are normally settled within 60 days of the date of purchase.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December, based on contractual undiscounted payment and current market interest rates.

31 December 2025	*On demand BD*	*Less than 3 months BD*	*4 to 12 months BD*	*1 to 5 years BD*	*Total BD*
Borrowings	-	2,448,436	1,761,970	3,271,604	**7,482,010**
Lease liabilities	-	329,237	978,711	3,945,836	**5,253,784**
Trade and other payables	1,300,493	8,718,270	-	-	**10,018,763**
Bank overdrafts	813,635	-	-	-	**813,635**
	2,114,128	**11,495,943**	**2,740,681**	**7,217,440**	**23,568,192**

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

31 December 2024	*On demand BD*	*Less than 3 months BD*	*4 to 12 months BD*	*1 to 5 years BD*	*Total BD*
Borrowings	-	5,310,588	1,869,297	5,637,087	12,816,972
Lease liabilities	-	439,574	1,092,597	3,836,349	5,368,520
Trade and other payables	1,300,493	7,462,435	-	-	8,762,928
Bank overdrafts	606,412	-	-	-	606,412
	1,906,905	13,212,597	2,961,894	9,473,436	27,554,832

Changes in liabilities arising from financing activities

	As at 1 January 2025 BD	***Cash flows***			***As at 31 December 2025 BD***
		Receipts BD	***Payments BD***	***Others* BD***	
Borrowings	**11,907,762**	**12,691,383**	**(17,554,840)**	**-**	**7,044,305**
Lease liabilities	**4,640,207**	-	**(1,648,437)**	**1,557,614**	**4,549,384**
	16,547,969	**12,691,383**	**(19,203,277)**	**1,557,614**	**11,593,689**

	As at 1 January 2024 BD	*Cash flows*			*As at 31 December 2024 BD*
		Receipts BD	*Payments BD*	*Others* BD*	
Borrowings	20,522,177	14,782,219	(23,396,634)	-	11,907,762
Lease liabilities	5,953,242	-	(1,745,700)	432,665	4,640,207
	26,475,419	14,782,219	(25,142,334)	432,665	16,547,969

*Others include remeasurement of lease liabilities, new leases executed, termination of leases and accretion of interest on lease liabilities.

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

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

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the credit facility agreements that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any credit facility agreements during the years ended 31 December 2025 and 31 December 2024.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024, respectively. Equity comprises of share capital, other reserves and retained earnings net of treasury shares attributable to the shareholders of BMMI B.S.C. and is measured at BD 71,633,562 (2024: BD 68,781,670) as at 31 December 2025.

32 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.

Fair value of financial instruments
Financial instruments of the Group comprise of financial assets and financial liabilities.

Financial assets consist of other investments, a portion of trade and other receivables and bank balances, cash and short-term deposits. Financial liabilities consist of borrowings, lease liabilities, a portion of trade and other payables, other financial liabilities and bank overdrafts.

Fair value of financial instruments is estimated based on the following methods and assumptions:

a) Bank balances, cash and short-term deposits, bank overdrafts, a portion of trade and other receivables, and a portion of trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments;

b) Borrowings and lease liabilities are evaluated by the Group based on parameters such as interest rates. The carrying amounts are not materially different from their fair values as at 31 December 2025 and 31 December 2024;

c) The fair values of the quoted investments are determined by reference to published price quotations in an active market and the fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators, using of recent arm's length market transactions, current fair value of another similar instrument or other appropriate valuation techniques; and

d) Other financial liabilities represent fair value of an interest rate swap which is valued using valuation techniques employing the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.

Fair value of non-financial instruments
The Group measures its investment properties at fair value and disclosures relating to the fair value have been disclosed in note 7 and note 9.

An increase (decrease) of 5% in estimated net rental value per annum would result in increases (decrease) in fair value of the properties by BD 539,499 (2024: BD 505,688). An increase (decrease) of 5% in the capitalisation rate would result in (decrease) increase in fair value of the properties by BD 513,809 (2024: BD 481,608).

Fair value hierarchy
Fair value hierarchy of the Group's assets and liabilities measured at fair value is disclosed in note 9.

33 DOMESTIC MINIMUM TOP-UP TAX

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules’) apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years. In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 (‘Bahrain DMTT law’) on 1 September 2024 introducing a domestic minimum top-up tax (“DMTT”) of up to 15% on the taxable income of Bahrain resident entities of the Group for fiscal years commenced on or after 1 January 2025.

As per the Group’s assessment, it has concluded that it is not in scope for Bahrain DMTT law or the GloBE rules as it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.