BMMI B.S.C.

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

31 DECEMBER 2016

BMMI ANNUAL REPORT 2016

A clear direction
for growth

Chairman's Statement

On behalf of the Board of Directors of the BMMI Group, it is my pleasure to present the annual report and consolidated financial statements for the year ended 31st December, 2016.

The report sets the outline for the Group's performance in the last financial year, provides highlights of some of the major accomplishments made in key operational areas, and draws attention to progress made in charting a clear path for achieving growth in the long-term.

I am pleased to say that our Executive Management team — ably supported by our employees — have played a prominent role in steering the Group towards a positive direction in revenue, profitability and in bringing added value to the BMMI brand.

BMMI has proved to be resilient in the face of economic and political uncertainty that prevailed in the local, regional and international markets. Once again, BMMI succeeded despite the odds and continued to show a steady growth momentum driven largely by the company's risk management strategy.

The results for 2016 exceeded our expectations and demonstrated the strength of this sound strategy at work, our confidence in executing it across the various geographical territories we operate in, and its impact on the company's overall performance. It is this approach that has helped BMMI in growing stronger and improving its competitive advantage and delivering shareholder value.

As a company, we remain united behind this strategy and ensuring that the growth trajectory remains unhindered and achieves its stated objectives in reaffirming BMMI's performance as a source of pride to its shareholders, stakeholders and employees.

Some of the key growth areas were in beverages and retail where we witnessed increased revenue and expansion in newer territories. There were positive consequences on BMMI's financial performance as the company delivered year-on-year improvements across diverse business streams, and achieved a group net profit of BD 9.4 million attributable to BMMI's shareholders— in line with our expectations!

In 2016, we opened a new Alosra outlet at El Mercado in Janabiya. Its inauguration marks a renewed thrust in expanding Alosra's presence across Bahrain and the Kingdom of Saudi Arabia. Our branches in Juffair and Saar along with our other store continue to perform well and attract customer loyalty. We are positive about seeing growth with our retail presence in Saudi Arabia and are pleased with its performance in the first year since it was opened.

BMMI continues to maintain a positive outlook with regards to its diverse business streams, and remains confident that the healthy returns these businesses show today will serve as a springboard for future success.

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Communication is Integral

As always, BMMI's proven resilience and flexibility have been the chief driving force in adding momentum to the company's diversification strategy as well as in enabling the company to sail smoothly through 2016. BMMI has been largely successful in many of our expansion plans despite the negative market sentiment that prevailed during the year. The results have been in line with expectations and this success clearly demonstrates the strong fundamentals that undergird our operations

BMMI's performance in Africa, Iraq and Saudi Arabia have been up to expectations, despite the political and economic uncertainties that dominated the headlines in these markets. This success is due to the risk management strategy at work that have helped bolster BMMI's leadership in the business

BMMI continues to steadily pursue its ambitions without forgetting its role as a corporate citizen. Our CSR philosophy is rooted in our policy of 'thinking and acting local', which has enabled us to capitalize on opportunities available in whichever local markets we operate, promote local produce and enterprise, provide platform for local talent to thrive, and contribute to local charities that play a significant role in helping their communities . This year we supported Al Areen, Royal Charity Organization and the Aisha Yateem Family Counseling Centre.

2017 is expected to be another challenging year since there already exist numerous areas of political and economic uncertainty. It is, therefore, with a great deal of cautious optimism and resilience that we are ready to begin our journey through 2017.

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On behalf of the Board of Directors, I would like to express my sincere gratitude to His Majesty King Hamad Bin Isa Al Khalifa, His Royal Highness the Prime Minister, Prince Khalifa Bin Salman Al Khalifa, and His Royal Highness the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister Prince Salman Bin Hamad Al Khalifa for their visionary leadership, support and encouragement to the Kingdom's private sector.

Special thanks are also due to all Government entities and ministries, especially the Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism for their continued support.

I also take this opportunity to express my appreciation and gratitude to our shareholders, customers and business partners, and my sincere thanks to our management and staff across all our operations and territories. They have played a key role in turning 2016 into a successful year for the BMMI Group.

Mr. Abdulla Hassan Buhindi

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 2016, and the consolidated statements of income, other comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2016, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. 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. Acquisition of Banader Hotels Company B.S.C. Refer to notes 3 and 5 to the consolidated financial statements.	
Key audit matter	**How the key audit matter was addressed in the audit**
The Group completed the acquisition of a controlling stake of 53.91% in Banader Hotels Company B.S.C. ('Banader') on 10 April 2016 through the conversion of 60,000 preference shares into 78 million ordinary shares. As a result, effective from 10 April 2016, Banader became a subsidiary of the Group and was consolidated from that date. As the amounts involved are material to the consolidated financial statements and the fair value assessment is complex and requires significant management judgment for the assessment of the fair value of assets acquired and the liabilities assumed at the date of acquisition, the matter was significant to our audit.	Our procedures over the business acquisition included, amongst others, evaluation of the recognition and measurement of the identifiable assets acquired, liabilities assumed and non-controlling interest in the acquiree, calculated by management. We checked proper accounting treatment of the acquisition of controlling interest in an associate and evaluated the appropriateness of the related disclosures made relating to the acquisition in the consolidated financial statements.

2. Provision for slow moving and obsolete inventories Refer to notes 3 and 12 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. The Group has gross inventories of BD 10,964,751 as at 31 December 2016. This area was important for the audit as significant judgment is required in assessing the appropriate level of provision for items which may be slow moving and obsolete. Such judgments include management's expectations of forecast inventory demand, product expiry dates and inventories disposal plan for near expiry items.	Our audit procedures included, amongst others, observing physical inventory counts at major locations, performing detailed testing of a sample of items to assess the cost basis and net realizable value of inventory and evaluating the adequacy of provision for slow moving and obsolete inventories as at 31 December 2016. We also reviewed the budget for the next year in order to gain an understanding the forecast inventory demand, product expiry dates and inventories disposal plan for near expiry items.

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)

3. Impairment of property, plant and equipment of Banader Hotels Company B.S.C. Refer to notes 3 and 6 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 BD 42,267,135 (or 38% of the Group's total assets) relating to Downtown Rotana Hotel owned by the Group through its subsidiary, Banader Hotels Company B.S.C. The hotel is in a start-up phase and is incurring losses. The internal assessment of the impairment of property, plant and equipment was carried out by the management by comparing its carrying value to the recoverable amount, which is higher of value in use and the fair value less costs to sell as at 31 December 2016. Management have used the fair value less costs to sell approach under IAS 36 "Impairment of Assets". As they have not identified any impairment they have not considered value in use. The impairment review involves a number of significant judgments to be made by management and therefore we considered this area as a key audit matter.	Our procedures included, amongst others, evaluation of the competencies, capabilities and objectivity of the management personnel involved in the assessment of impairment. We obtained, understood and challenged management's impairment review and checked that it was in compliance with the requirements of IAS 36. We evaluated the underlying assumptions used in the impairment assessment of property, plant and equipment, such as comparable market rates for a similar property. We also evaluated the appropriateness of disclosures made in the notes 3 and 6 to the consolidated financial statements.

Other information included in the Group's 2016 annual report

Other information consists of the information included in the Group's 2016 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 auditors' report, we obtained the Chairman's report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the 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.

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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)

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 IFRSs and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 judgment 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 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 Report of the Board of Directors 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; and

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 2016 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.

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

Ernst + Young

Partner's Registration No. 115
13 February 2017
Manama, Kingdom of Bahrain

BMMI B.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 BD	2015 BD
ASSETS			
Non-current assets			
Property, plant and equipment	6	54,565,220	11,195,921
Investment properties	7	8,835,497	9,235,497
Goodwill	8	119,528	219,528
Investments in joint ventures and an associate	9	1,914,452	12,188,786
Loans to a joint venture and an associate	27	881,148	1,144,622
Investments	10	12,893,278	13,132,517
		79,209,123	47,116,871
Current assets			
Inventories	12	10,432,434	10,697,450
Trade and other receivables	13	18,062,561	18,005,950
Cash, bank balances and short-term deposits	14	2,409,183	4,970,748
		30,904,178	33,674,148
TOTAL ASSETS		110,113,301	80,791,019
EQUITY AND LIABILITIES			
Equity			
Share capital	15	14,642,854	14,642,854
Treasury shares	16	(2,699,662)	(3,054,554)
Other reserves	18	12,271,918	11,965,033
Retained earnings		38,717,548	37,732,923
Equity attributable to equity holders of the parent		62,932,658	61,286,256
Non-controlling interests		6,628,015	-
Total equity		69,560,673	61,286,256
Non-current liabilities			
Loans and borrowings	19	20,029,755	-
Employees' end of service benefits	20	1,363,748	1,176,146
		21,393,503	1,176,146
Current liabilities			
Trade and other payables	21	13,683,702	16,565,443
Retentions payable		2,780,273	-
Loans and borrowings	19	2,288,147	884,359
Bank overdrafts	14	364,767	615,123
Income tax payable		42,236	263,692
		19,159,125	18,328,617
Total liabilities		40,552,628	19,504,763
TOTAL EQUITY AND LIABILITIES		110,113,301	80,791,019

Abdulla Hassan Buhindi
Chairman

Abdulla Mohammed Juma
Vice Chairman

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

BMMI B.S.C.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2016

	Notes	2016 BD	2015 BD
Sales		96,543,583	88,977,559
Cost of sales	22	(68,488,557)	(63,198,474)
GROSS PROFIT		28,055,026	25,779,085
Other operating income	23	1,662,483	1,530,539
Selling and distribution expenses		(8,472,305)	(7,526,868)
General and administrative expenses		(14,400,439)	(9,450,598)
PROFIT FROM OPERATIONS		6,844,765	10,332,158
Gain on disposal of investment properties	7	1,118,685	-
Net investment income	24	842,032	667,628
Finance costs	22	(897,284)	(100,384)
Impairment of goodwill	8	(100,000)	(100,000)
Net share of results of joint ventures and an associate	9	(73,961)	(243,303)
Net losses on investments carried at fair value through profit or loss	10	(2,220)	(157,130)
PROFIT BEFORE INCOME TAX		7,732,017	10,398,969
Income tax expense	25	(119,604)	(310,953)
PROFIT OF THE GROUP FOR THE YEAR	22	7,612,413	10,088,016
of which loss attributable to non-controlling interests		1,805,967	-
PROFIT OF THE GROUP FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF BMMI B.S.C.		9,418,380	10,088,016
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	26	68	73

Abdulla Hassan Buhindi
Chairman

Abdulla Mohammed Juma
Vice Chairman

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 BD	2015 BD
PROFIT OF THE GROUP FOR THE YEAR	7,612,413	10,088,016
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) that is not or may not be reclassified to the consolidated statement of income in subsequent periods:		
Net changes in fair value of investments classified as fair value through other comprehensive income	81,502	84,201
Transfer of losses on disposals of investments carried at fair value through other comprehensive income to retained earnings	(57,906)	(477,057)
Other comprehensive income (loss) that is not or may not to be reclassified to the consolidated statement of income in subsequent periods	23,596	(392,856)
Other comprehensive loss that is or may be reclassified to the consolidated statement of income in subsequent periods:		
Exchange differences on translation of foreign operations	(656,626)	(443,079)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(633,030)	(835,935)
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR	6,979,383	9,252,081
of which loss attributable to non-controlling interests	1,805,967	-
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF BMMI B.S.C.	8,785,350	9,252,081

Abdulla Hassan Buhindi	Abdulla Mohammed Juma
Chairman	Vice Chairman

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	**2016 BD**	2015 BD
OPERATING ACTIVITIES			
Profit before income tax		**7,732,017**	10,398,969
Adjustments for:			
Depreciation	6	**2,899,350**	1,545,990
Gain on disposal of investment properties	7	**(1,118,685)**	-
Finance costs	22	**897,284**	100,384
Net investment income	24	**(842,032)**	(667,628)
Allowance for impairment of trade receivables	13	**573,765**	421,501
Provision for employees’ end of service benefits	20	**323,965**	290,173
Provision for slow moving and obsolete inventories	12	**106,962**	327,626
Impairment of goodwill	8	**100,000**	100,000
Share of results of an associate and joint ventures	9	**73,961**	243,303
Net losses on investments carried at fair value through profit or loss	10	**2,220**	157,130
Gain on disposal of property, plant and equipment	22	**-**	(20,004)
Operating profit before working capital changes		**10,748,807**	12,897,444
Working capital changes:			
Inventories		**694,303**	(1,365,788)
Trade and other receivables		**(546,472)**	1,685,113
Trade and other payables		**(5,554,843)**	(2,410,769)
Cash generated from operations		**5,341,795**	10,806,000
Income tax paid		**(341,060)**	(164,572)
Directors' remuneration paid		**(139,000)**	(139,000)
Employees’ end of service benefits paid	20	**(228,957)**	(377,406)
Net movements in advances against employees' end of service benefits		**48,766**	(108,966)
Net cash flows from operating activities		**4,681,544**	10,016,056
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(2,555,127)**	(1,706,558)
Proceeds from disposal of investment properties	7	**1,518,685**	-
Acquisition of a subsidiary	5	**1,286,655**	-
Dividends and interest received		**1,194,186**	547,836
Purchase of investments	10	**(277,053)**	(2,490,805)
Proceeds from disposal of investments	10	**537,668**	1,537,688
Dividends received from joint ventures	9	**305,303**	685,523
Loan received (provided) to a joint venture		**263,474**	(470,240)
Movement in short term deposit with original maturity of more than three months		**(35,170)**	-
Additions to investment properties	7	**-**	(183,704)
Proceeds from disposal of property, plant and equipment		**-**	22,435
Additional investment in an associate	9	**-**	(1,528)
Net cash flows from (used in) investing activities		**2,238,621**	(2,059,353)

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2016

	Notes	**2016** **BD**	2015 BD
FINANCING ACTIVITIES			
Dividends paid to equity holders of the Company		**(6,859,946)**	(6,706,568)
Net movement in loans and borrowings		**(572,577)**	-
Finance costs paid		**(897,284)**	(100,384)
Repayment of retentions payable		**(314,344)**	-
Cash flows used in financing activities		**(8,644,151)**	(6,806,952)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,723,986)**	1,149,751
Net foreign exchange differences		**(622,393)**	(204,600)
Cash and cash equivalents at 1 January		**4,355,625**	3,410,474
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	**2,009,246**	4,355,625

Non-cash items

- Dividend and interest income receivable amounting to BD 352,154 (2015: BD 350,447) have been excluded from the movement of trade and other receivables.
- Unclaimed dividends pertaining to prior years amounting to BD 77,242 (2015: BD 175,323) have been excluded from the movement in trade and other payables.
- Unpaid donations to relating to the Charity Reserve amounting to BD 201,760 (2015: BD 225,178) have been excluded from the movements of trade and other payables.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

		Equity attributable to equity holders of the parent					Non-controlling	
	Notes	Share capital BD	Treasury shares BD	Other reserves (note 18) BD	Retained earnings BD	Total BD	interests (note 5) BD	Total equity BD
At 1 January 2016		14,642,854	(3,054,554)	11,965,033	37,732,923	61,286,256	-	61,286,256
Profit (loss) for the year		-	-	-	9,418,380	9,418,380	(1,805,967)	7,612,413
Other comprehensive loss		-	-	(633,030)	-	(633,030)	-	(633,030)
Net losses on disposal of investments carried at fair value through other comprehensive income		-	-	57,906	(57,906)	-	-	-
Total comprehensive (loss) income		-	-	(575,124)	9,360,474	8,785,350	(1,805,967)	6,979,383
Revaluation gain transferred on disposal of investment properties		-	-	(283,575)	283,575	-	-	-
Final dividend for 2015	17	-	-	-	(4,162,313)	(4,162,313)	-	(4,162,313)
Interim dividend for 2016	17	-	-	-	(2,774,875)	(2,774,875)	-	(2,774,875)
Transfer to statutory reserve	18	-	-	665,584	(665,584)	-	-	-
Transfer to general reserve	18	-	-	500,000	(500,000)	-	-	-
Transfer to charity reserve		-	-	201,760	(201,760)	-	-	-
Distribution to Alosra Charitable Foundation		-	-	(201,760)	-	(201,760)	-	(201,760)
Cost of treasury shares transferred	16	-	354,892	-	(354,892)	-	-	-
Acquisition of a subsidiary	5	-	-	-	-	-	8,433,982	8,433,982
As at 31 December 2016		**14,642,854**	**(2,699,662)**	**12,271,918**	**38,717,548**	**62,932,658**	**6,628,015**	**69,560,673**

Retained earnings include non-distributable reserves amounting to BD 315,000 relating to the subsidiaries as at 31 December 2016.

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

		Equity attributable to equity holders of the parent					Non-controlling	
		Share	Treasury	Other reserves	Retained		interests	Total
		capital	shares	(note 18)	earnings	Total	(note 5)	equity
	Notes	BD	BD	BD	BD	BD	BD	BD
As at 1 January 2015		13,311,686	(3,054,554)	11,823,911	36,709,555	58,790,598	-	58,790,598
Profit for the year		-	-	-	10,088,016	10,088,016	-	10,088,016
Other comprehensive loss		-	-	(835,935)	-	(835,935)	-	(835,935)
Net losses on disposal of investments carried at fair value through other comprehensive income		-	-	477,057	(477,057)	-	-	-
Total comprehensive (loss) income		-	-	(358,878)	9,610,959	9,252,081	-	9,252,081
Final dividend for 2014	17	-	-	-	(3,756,370)	(3,756,370)	-	(3,756,370)
Interim dividend for 2015	17	-	-	-	(2,774,875)	(2,774,875)	-	(2,774,875)
Bonus shares issued	14	1,331,168	-	-	(1,331,168)	-	-	-
Transfer to general reserve	18	-	-	500,000	(500,000)	-	-	-
Transfer to charity reserve		-	-	225,178	(225,178)	-	-	-
Distribution to Alosra Charitable Foundation		-	-	(225,178)	-	(225,178)	-	(225,178)
As at 31 December 2015		14,642,854	(3,054,554)	11,965,033	37,732,923	61,286,256	-	61,286,256

Retained earnings include non-distributable reserves amounting to BD 315,000 relating to the subsidiaries as at 31 December 2015.

The attached notes 1 to 35 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND ACTIVITIES

BMMI B.S.C. ("the Company") 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, Commerce and Tourism under commercial registration (CR) number 10999. The postal address of the Company's registered head office is P.O. Box 828, Sitra, Kingdom of Bahrain.

The principal activities of the Company and its subsidiaries (together "the Group") are the wholesale and retail of food, beverages and other consumable items. The Group also provides logistics and shipping services. The Group's operations are located in the Kingdom of Bahrain, State of Qatar, United Arab Emirates, Kingdom of Saudi Arabia, Republic of Iraq, United States of America, Republic of Djibouti, Gabonese Republic, Republic of Mali, Republic of South Sudan, Republic of Sudan, Republic of Ghana and Republic of Kenya.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2017.

The subsidiaries of the Company are as follows:

	Ownership interest		Country of	
Name	**2016**	2015	**incorporation**	**Principal activities**
Nader Trading Company W.L.L.	**100%**	100%	Kingdom of Bahrain	Managing various consumer agencies.
Alosra Supermarket W.L.L.	**100%**	100%	Kingdom of Bahrain	Supermarket management.
Alosra Supermarket International Company	**100%**	100%	Kingdom of Saudi Arabia	Supermarket management.
Banader Hotels Company B.S.C.	**53.91%**	-	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.
Bayader Company Restaurant Management S.P.C.	**100%**	100%	Kingdom of Bahrain	Management services for hotels and restaurants for tourists.
Fasttrack Export L.L.C.	**100%**	100%	State of Florida, U.S.A.	No business activities have commenced yet.
Ardh Al Ahad For General Trading L.L.C.	**100%**	100%	Republic of Iraq	No business activities have commenced yet.
BMMI International Holding S.P.C.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.

BMMI International Holding S.P.C. has the following subsidiaries at the reporting date.

Global Sourcing and Supply East Holding S.P.C.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.
Global Sourcing and Supply South Holding S.P.C.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.
Global Sourcing and Supply North Holding S.P.C.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.
Global Sourcing and Supply West Holding S.P.C.	**100%**	100%	Kingdom of Bahrain	Holding company for a group of commercial, industrial or service companies.

1 CORPORATE INFORMATION (continued)

Global Sourcing and Supply East Holding S.P.C. has the following subsidiaries at the reporting date:

Name	**Ownership interest 2016**	**2015**	**Country of incorporation**	**Principal activities**
Global Sourcing and Supply Services Co. Limited (ODSCO Catering JV)	**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	**100%**	100%	Republic of Kenya	Provision of catering and beverage services.

Global Sourcing and Supply South Holding S.P.C. has the following subsidiary at the reporting date:

GSS Gabon SA	**100%**	100%	Gabonese Republic	Sales and distribution of foods products.

Global Sourcing and Supply North Holding S.P.C. has the following subsidiary at the reporting date:

GSS Mali SA	**100%**	100%	Republic of Mali	Provisioning of catering and housekeeping services.

Global Sourcing and Supply West Holding S.P.C. has the following subsidiary at the reporting date:

International Sourcing and Supply Limited – Ghana	**100%**	100%	Republic of Ghana	Provisioning of catering, janitorial and other related services.

* Represents effective ownership interest.

The Group's associate and joint ventures are as follows:

Name of associate	**Ownership interest 2016**	**2015**	**Country of incorporation**	**Principal activities**
Banader Hotels Company B.S.C.	-	30.47%	Kingdom of Bahrain	Ownership and operations of Downtown Rotana Bahrain. The associate was converted into a subsidiary effective 10 April 2016.
Name of joint ventures				
Qatar & Bahrain International Company W.L.L.	**50%**	50%	State of Qatar	Managing various consumer agencies.
B & B Logistics W.L.L.	**50%**	50%	Kingdom of Bahrain	Constructing and operating of warehouses.
Inchcape Shipping Services W.L.L.	**50%**	50%	Kingdom of Bahrain	Rendering of shipping services.
Zad Marketing & Distribution W.L.L.	**50%**	50%	State of Qatar	Food and household goods wholesale and distributor.
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 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of consolidation
The consolidated financial statements comprise the financial statements of the BMMI B.S.C. and its subsidiaries as at 31 December 2016. 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2016

The accounting and reporting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain new standards and interpretations and amendments to standards and interpretations adopted by the Group as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the impact of each new standard or amendment is described below:

IAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements;
- that entities have flexibility as to the order in which they present the notes to the consolidated financial statements;
- that specific line items in the consolidated statements of financial position, income and other comprehensive income and may be disaggregated; and
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to the consolidated statement of income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statements of financial position, income and other comprehensive income. These amendments were effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the consolidated financial statements.

IAS 16 and IAS 38 (Amendments) - Clarification of acceptable methods of depreciation and amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendment to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the year.

Several other new standards, interpretations and amendments to standards and interpretations apply for the first time in 2016. However, they did not impact the consolidated financial statements of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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
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.

Goodwill
The goodwill was recognised on acquisition of BMMI International Holding S.P.C.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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 first-in, first-out basis with the exception of goods held for sale - retail, the cost for which is determined on weighted average 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The following criteria are also applied in assessing impairment of goodwill.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognised in the consolidated statement of income, impairment losses relating to goodwill cannot be reversed in future periods.

Investment properties
Properties held for either rental income or capital appreciation or both purposes are classified as investment properties. 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 are 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 property is permanently withdrawn from use and no future economic benefit is expected from its 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
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 becomes 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.

Investments in joint ventures and an associate
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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 significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in joint ventures and an associate are accounted for using the equity method.

Under the equity method, the investment in an associate or 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 associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the Group’s share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the consolidated statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or 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 associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group’s share of results of an associate and joint ventures 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 associate or joint venture.

The financial statements of the associate or 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 associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, then recognises the loss as ‘share of results of an associate and joint ventures’ in the consolidated statement of income.

Upon loss of significant influence over the associate or 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 associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

An asset is 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 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, bank balances and short-term deposits
Cash, bank balances and short-term deposits in the consolidated statement of financial position comprise of bank balances, cash in hand and short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Financial instruments - initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and subsequent measurement
The Group early adopted IFRS 9 Financial Instrument, with effect from 1 January 2011. Pursuant to that adoption, the Group classifies its financial assets in the following categories: those measured at amortised cost and those measured at fair value. This classification depends on both the contractual characteristics of the assets and the business model adopted for their management.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and measurement (continued)
Financial assets (continued)
Financial assets measured at amortised cost
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets as described below:

A financial asset is classified as 'amortised cost' only if both of the following criteria are met:

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

Financial assets meeting these criteria are measured initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. They are subsequently measured at amortised cost using the effective interest method (EIR) less any impairment.

The Group has not designated any debt instruments at amortised cost.

Loans and receivables
This category is most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gains and losses are recognised in the consolidated statement of income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written off in the consolidated statement of income when identified.

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 (FVTOCI) on initial recognition.

Debt instruments that do not meet the amortised cost 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 are no longer met. Reclassification of debt instruments that are designated as FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated statement of income.

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

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 in accordance with IAS 18 Revenue.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and measurement (continued)
Financial assets (continued)
Initial recognition and subsequent measurement (continued)
Financial assets measured at fair value (continued)
Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)
On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI 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.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the consolidated statement of income on disposal of the investments.

The Group has designated most of its investments in equity instruments at FVTOCI on initial application of IFRS 9, as the Directors believe 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.

Dividends on these investments in equity instruments are recognised in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue unless the dividends clearly recover part of the cost of the investment.

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 FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated statement of income, but is reclassified to retained earnings.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (continued)
Financial assets (continued)
Impairment of financial assets
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of income. Interest income (recorded as finance income in the consolidated statement of income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of income.

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 cost. The Group's financial liabilities include loans and borrowings, retentions payable, a portion of trade and other payables and bank overdrafts.

Subsequent measurement
Financial liabilities within the scope of IFRS 9 are subsequently measured at either amortised cost using the EIR or at FVTPL.

Loans and borrowings
After initial recognition, interest bearing loans and 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.

All borrowing costs are expensed in the period they occur.

Financial liabilities at amortised cost-trade and other payables
Liabilities for trade and other payables are subsequently measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (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 over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points 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.

Fair value measurement
The Group measures financial instruments, such as, investments 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 to 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 are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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 and Finance Committee, determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted investments, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
External valuers are involved for valuation of significant assets, such as 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 include 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.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Operating leases - Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Operating leases - Group as a lessor
Leases in which the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rendering of services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date.

Rental income

Rental income arising from operating leases and sub-leases are recognised on a straight-line basis over the lease term and is included in other operating income in the consolidated statement of income due to its operating nature.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the EIR. Interest income is included in other operating income in the consolidated statement of income.

Dividends

Dividend income is recognised when the Group's right to receive the dividend is established, which is generally when shareholders of the investee approve the dividend.

Other revenue

Other revenue is recognised on an accrual basis when income is earned.

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.

Current income tax

Current income tax assets and liabilities for the current period 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 other comprehensive income is recognised in consolidated statement of other 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 equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency
The Group's consolidated financial statements are presented in Bahraini Dinars, which is the Company's functional currency. That is 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 other comprehensive income or the consolidated statement of income is also recognised in the consolidated statement of other comprehensive income or the consolidated statement of income, respectively).

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 other comprehensive income. On disposal of a foreign operation, the component of consolidated statement of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Business acquisition

The Group applies the purchase method of accounting to account for acquisitions of businesses. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various valuation assumptions requiring management judgment.

Classification of investments

Financial assets under IFRS 9 are classified as "Fair Value Through Profit or Loss", "Amortised Cost" or "Fair Value Through Other Comprehensive Income" on the basis of the entity's business model for managing the assets and the contractual cash flow characteristics of the financial assets. However, the entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. The management determined the classification of investment in initial recognition based on the nature and risk characteristic.

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.

Operating leases - Group as a lessor

The Group has entered into commercial property leases for commercial offices and outlets. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Operating leases - Group as a lessee

The Group has entered into commercial property leases for its office premises and outlets. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that the lessor retains all the significant risks and rewards of ownership of the land and so accounts for the contracts as operating leases.

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

Impairment of property, plant and equipment and goodwill

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 or goodwill 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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Impairment of property, plant and equipment and goodwill (continued)

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. The Board of Directors do not believe there is any impairment in the value of property, plant and equipment as at 31 December 2016. The Board of Directors, based on the detailed analysis of the performance of the CGU to which the goodwill relates, has recognised an impairment loss on goodwill amounting to BD 100,000 (2015: BD 100,000) during the year ended 31 December 2016.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment 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 the management believes the useful lives differ from previous estimates.

Impairment of investments in joint ventures and an associate

The management determines whether it is necessary to recognise an impairment loss on the Group's investments in an associate and its joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in an associate or a joint venture and its carrying value and recognises the amount in the consolidated statement of income. The Board of Directors reassessed the impairment and believe that there is no impairment of investments in an associate and joint ventures as at 31 December 2016 and 31 December 2015.

Fair value of investment properties

Investment properties comprises of buildings (principally commercial offices) which are not occupied substantially for use by, or in the operations of, the Group, but are held primarily to earn rental income and capital appreciation. The fair values of the investment properties have been determined by the Investment and Finance Committee based on the valuations performed by an independent valuer. The valuations undertaken are 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 in an arm's length transaction at the date of valuations and 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 private equity investments by reference to recent, material arms' length transactions involving third parties. The fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators or using other valuation techniques.

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) were BD 9,617,272 (2015: BD 10,925,779) with a provision for slow moving and obsolete inventories of BD 532,317 (2015: BD 625,284). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade receivables were BD 14,020,916 (2015: BD 15,790,316), with an allowance for impairment of BD 2,001,786 (2015: BD 1,662,896). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of

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 counties 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.

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single statement of financial position model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

IFRS 16 Leases (continued)
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IAS 7 Statement of Cash Flows
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

Other amendments resulting from improvements to IFRSs to the standards or interpretations will not have any impact on the accounting policies, consolidated financial position or consolidated financial performance of the Group.

5 ACQUISITION OF A SUBSIDIARY THROUGH CONVERSION OF ASSOCIATE'S PREFERENCE SHARES

Until 9 April 2016, the Group had a 30.48% stake in Banader Hotels Company B.S.C. (Banader) and owned 60,000 convertible preference shares in Banader. On 10 April 2016, the Group increased its holding in the share capital of Banader to 53.91% through the conversion of 60,000 preference shares into 78 million ordinary shares. As a result, effective 10 April 2016, Banader became a subsidiary of the Group and has been consolidated from that date. The Group invested in Banader to diverse its operations in the hospitality industry. Banader owns the Downtown Rotana Hotel in the Kingdom of Bahrain, which is managed by Rotana Hotel Management Corporation Limited L.L.C. under a 10 year agreement.

The acquisition has been provisionally accounted for using the carrying values of the property, plant and equipment as the fair values were not available at the acquisition date and will be finalised by March 2017. The provisional fair values of assets and liabilities of Banader on the date of acquisition are as follows:

	Fair values recognised on acquisition BD
Assets	
Property, plant and equipment (note 6)	**43,747,755**
Inventories	**536,249**
Trade and other receivables	**436,058**
Bank balance and cash	**1,286,655**
	46,006,717
Liabilities	
Loans and borrowings	**22,006,120**
Employees' end of service benefits (note 20)	**43,828**
Retentions payable	**3,094,617**
Trade and other payables	**2,562,813**
	27,707,378
Total indefinable net assets at fair value	**18,299,339**
Less: Carrying value of Banader already carried in the books (note 9)	**(9,200,400)**
Less: Non-controlling interests	**(8,433,982)**
Gain on acquisition	**664,957**
NET LOSS ON ACQUISITION	
Loss on revaluation of associate on acquisition (note 9)	**(694,670)**
Gain on acquisition	**664,957**
Net loss on acquisition included in general and administrative expenses	**(29,713)**
The net cash inflow on the acquisition of Banader is as follows:	
Bank balance and cash	**1,286,655**

From the date of acquisition, Banader Hotels has contributed BD 1,806,117 of revenue and a loss of BD 3,949,275 to the results of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group for the year would have been BD 96,660,449 and results of the Group for the year would have been BD 6,828,175.

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	Buildings BD	Plant and equipment BD	Motor vehicles BD	Work-in-progress BD	Total BD
Cost:						
At 1 January 2016	3,126,019	8,322,356	10,672,922	2,002,021	473,805	24,597,123
Additions	-	801,115	359,892	104,505	1,289,615	2,555,127
Acquisition of a subsidiary (note 5)	3,048,313	38,564,316	2,245,723	26,525	-	43,884,877
Exchange adjustments	-	(20,204)	(74,434)	(31,470)	-	(126,108)
At 31 December 2016	6,174,332	47,667,583	13,204,103	2,101,581	1,763,420	70,911,019
Depreciation:						
At 1 January 2016	-	4,617,008	7,132,073	1,652,121	-	13,401,202
Charged during the year	-	1,537,517	1,238,682	123,151	-	2,899,350
Acquisition of a subsidiary (note 5)	-	81,671	48,153	7,298	-	137,122
Exchange adjustments	-	(7,193)	(61,911)	(22,771)	-	(91,875)
At 31 December 2016	-	6,229,003	8,356,997	1,759,799	-	16,345,799
Net carrying values:						
At 31 December 2016	**6,174,332**	**41,438,580**	**4,847,106**	**341,782**	**1,763,420**	**54,565,220**

	Freehold land BD	Buildings BD	Plant and equipment BD	Motor vehicles BD	Work-in-progress BD	Total BD
Cost :						
At 1 January 2015	3,126,019	8,097,177	9,886,918	1,926,941	260,706	23,297,761
Additions	-	297,835	1,030,635	164,989	213,099	1,706,558
Disposals	-	-	(7,136)	(50,832)	-	(57,968)
Exchange adjustments	-	(72,656)	(237,495)	(39,077)	-	(349,228)
At 31 December 2015	3,126,019	8,322,356	10,672,922	2,002,021	473,805	24,597,123
Depreciation:						
At 1 January 2015	-	4,055,233	6,404,590	1,561,675	-	12,021,498
Charged during the year	-	569,829	827,271	148,890	-	1,545,990
Relating to disposals	-	-	(7,136)	(48,401)	-	(55,537)
Exchange adjustments	-	(8,054)	(92,652)	(10,043)	-	(110,749)
At 31 December 2015	-	4,617,008	7,132,073	1,652,121	-	13,401,202
Net carrying values:						
At 31 December 2015	3,126,019	3,705,348	3,540,849	349,900	473,805	11,195,921

The management performed an impairment test of property, plant and equipment of the hotel owned by the Group as at 31 December 2016 which indicate that no impairment provision was required as at 31 December 2016.

Certain of the Group's property, plant and equipment with a carrying value of BD 42,267,135 (2015: nil) are mortgaged as a security against loans and borrowings, refer to note 19.

6 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2016	2015
	BD	BD
Cost of sales (note 22)	**26,501**	11,375
Selling and distribution expenses	**89,593**	72,001
General and administrative expenses	**2,783,256**	1,462,614
	2,899,350	1,545,990

7 INVESTMENT PROPERTIES

The Group's investment properties consist of buildings on freehold land (principally commercial offices) located in the Kingdom of Bahrain and held for capital appreciation and rental purposes. These investment properties have been carried at fair value as at 31 December 2016.

	Buildings on freehold land BD
At 1 January 2015	**9,051,793**
Additions	**183,704**
At 31 December 2015	**9,235,497**
Disposals	**(400,000)**
At 31 December 2016	**8,835,497**

The fair values of the above investment properties have been determined by the Investment and Finance Committee based on the valuations performed by an 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 properties being valued. The valuations undertaken are 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 in an arm's length transaction at the date of valuations and appropriate adjustments for liquidity and other discount factors.

During the year, the Group disposed off an investment property in Adliyah for a consideration of BD 1,518,685 which resulted in a gain of BD 1,118,685. There was no such transaction during the year ended 31 December 2015.

	2016	2015
	BD	BD
Rental income derived from investment properties	**573,000**	378,341

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

Fair value hierarchy disclosures for investment properties have been provided in note 11.

8 GOODWILL

Goodwill, acquired through a business combination, has been allocated to BMMI International Holding S.P.C. which is also a business operation.

	2016	2015
	BD	BD
At 1 January	**219,528**	319,528
Impairment in value	**(100,000)**	(100,000)
At 31 December	**119,528**	219,528

9 INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

		2016	2015
	Notes	**BD**	BD
Investments in joint ventures	9.1	**1,914,452**	1,949,878
Investment in an associate	9.2	**-**	10,238,908
		1,914,452	12,188,786

9.1 Investments in joint ventures

	2016	2015
	BD	BD
At 1 January	**1,949,878**	2,525,154
Share of results for the year	**269,877**	110,247
Dividends received during the year	**(305,303)**	(685,523)
At 31 December	**1,914,452**	1,949,878

The following table illustrates summarised unaudited financial information of the Group's investments in joint ventures:

	2016	2015
Joint ventures' summarised statements of financial position:	**BD**	BD
Current assets	**6,154,142**	6,639,843
Non-current assets	**2,882,169**	2,336,057
Current liabilities	**(3,548,608)**	(2,606,307)
Non-current liabilities	**(1,658,800)**	(2,469,838)
Equity	**3,828,903**	3,899,755
Proportion of the Group' ownership	**50%**	50%
Carrying value of investments in joint ventures as at 31 December	**1,914,452**	1,949,878

	2016	2015
Summarised statements of comprehensive income:	**BD**	BD
Revenue	**9,034,932**	6,869,658
Cost of sales	**(5,514,419)**	(4,497,617)
General and administrative expenses	**(251,685)**	(470,532)
Selling and distribution expenses	**(2,708,771)**	(1,660,107)
Depreciation expenses	**(20,303)**	(20,908)
Profit for the year	**539,754**	220,494
Proportion of the Group' ownership	**50%**	50%
Group's share of profit for the year	**269,877**	110,247

9 INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE (continued)

9.1 Investments in joint ventures (continued)

The joint ventures had no material contingent liabilities or capital commitments as at 31 December 2016 and 31 December 2015. The joint ventures cannot distribute its profits until it obtains the consent from both venture partners.

The share of results of the joint ventures are recorded based on the approved management accounts for the year ended 31 December 2016.

9.2 Investment in an associate

The Group held a 30.48% shareholding in Banader Hotels Company B.S.C. ("Banader") and 60,000 convertible preference shares till 9 April 2016. On 10 April 2016, Banader converted its preference shares into ordinary shares and issued 78 million ordinary shares to the Group which increases the Group shareholding to 53.91%. Accordingly, effective from 10 April 2016 Banader became a subsidiary of the Group (refer note 5).

The following table illustrates the movement during the year:

	2016	2015
	BD	BD
At 1 January	**10,238,908**	10,590,930
Share of results for the year	**(343,838)**	(353,550)
Loss on revaluation of associate on acquisition (note 5)	**(694,670)**	-
Carrying value of investment in Banader acquired through conversion of preference shares (note 5)	**(9,200,400)**	-
Addition during the year	-	1,528
At 31 December	-	10,238,908

The following table illustrates summarised financial information of the associate:

	2016	2015
Associate's summarised statement of financial position:	**BD**	BD
Current assets	-	1,029,489
Non-current assets	-	37,122,890
Current liabilities	-	(3,902,695)
Non-current liabilities	-	(20,342,507)
Equity	-	13,907,177
Proportion of Group's ownership	-	30.48%
	-	4,238,908
Additional investment made for subscription of preference shares of Banader	-	6,000,000
Net carrying value of investment in an associate at 31 December	-	10,238,908

	2016	2015
	BD	BD
Associate's summarised statement of comprehensive income:		
General and administrative expenses	**(1,007,169)**	(1,157,844)
Depreciation expense	**(120,907)**	(2,098)
Loss for the year	**(1,128,076)**	(1,159,942)
Proportion of Group's ownership	**30.48%**	30.48%
Group's share of results for the year	**(343,838)**	(353,550)

9 INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE (continued)

9.2 Investment in an associate (continued)

The share of results of the associate is recorded based on the approved management accounts for the period up to the date of acquisition (2015: Based on approved management accounts for the year ended 31 December 2015).

The associate had capital expenditure commitments with regards to capital work-in-progress of BD 1,089,194 as at 31 December 2015.

10 INVESTMENTS

	2016	2015
	BD	BD
Fair value through other comprehensive income - quoted investments	**8,511,776**	8,553,475
Fair value through other comprehensive income - unquoted investments	**1,920,906**	2,142,746
Fair value through profit or loss - quoted investments	**2,460,596**	2,436,296
	12,893,278	13,132,517

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

Unquoted investments
The fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators or using other valuation techniques.

The movements in the fair values of investments are as follows:

	2016	2015
	BD	BD
At 1 January	**13,132,517**	12,729,386
Purchase during the year	**277,053**	2,490,805
Disposed during the year	**(537,668)**	(1,537,688)
Changes in fair value for the year	**23,596**	(392,856)
Net losses on FVTPL	**(2,220)**	(157,130)
At 31 December	**12,893,278**	13,132,517

11 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

		Fair value measurement using			
31 December 2016	**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)					
- Buildings	31 Dec 2016	-	-	**8,835,497**	**8,835,497**
Investments (note 10)					
Fair value through other comprehensive income					
- quoted investments	31 Dec 2016	**8,511,776**	-	-	**8,511,776**
- unquoted investments	31 Dec 2016	-	-	**1,920,906**	**1,920,906**
Fair value through profit or loss					
- quoted investments	31 Dec 2016	**2,460,596**	-	-	**2,460,596**
		10,972,372	-	**1,920,906**	**12,893,278**
		10,972,372	-	**10,756,403**	**21,728,775**

Liabilities measured at fair value:
There were no liabilities measured at fair value as of 31 December 2016.

		Fair value measurement using			
31 December 2015	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)					
- Buildings	31 Dec 2015	-	-	9,235,497	9,235,497
Investments (note 10)					
Fair value through other comprehensive income					
- quoted investments	31 Dec 2015	8,553,475	-	-	8,553,475
- unquoted investments	31 Dec 2015	-	-	2,142,746	2,142,746
Fair value through profit or loss					
- quoted investments	31 Dec 2015	2,436,296	-	-	2,436,296
		10,989,771	-	2,142,746	13,132,517
		10,989,771	-	11,378,243	22,368,014

Liabilities measured at fair value:
There were no liabilities measured at fair value as of 31 December 2015.

11 FAIR VALUE HIERARCHY (continued)

During the reporting years ended 31 December 2016 and 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Level 3 equity securities have been valued based on indicative bids provided by the fund administrators or using other valuation techniques and for fair value of investment properties, refer note 7.

Reconciliation of fair value measurements of Level 3 assets
The Group has investment properties and certain unquoted equity shares classified as fair value through other comprehensive income which are classified as level 3 within the fair value hierarchy. The movement in the fair value of level 3 financial and non-financial assets are as follows:

	Non-financial assets BD	**Financial assets BD**	**Total BD**
1 January 2016	**9,235,497**	**2,142,746**	**11,378,243**
Disposals during the year	**(400,000)**	**(136,486)**	**(536,486)**
Changes in fair values	**-**	**(85,354)**	**(85,354)**
31 December 2016	**8,835,497**	**1,920,906**	**10,756,403**

	Non-financial assets BD	Financial assets BD	Total BD
1 January 2015	9,051,793	2,455,422	11,507,215
Additions	183,704	-	183,704
Disposals during the year	-	(368,329)	(368,329)
Changes in fair values	-	55,653	55,653
31 December 2015	9,235,497	2,142,746	11,378,243

12 INVENTORIES

	2016 BD	2015 BD
Goods held for sale	**7,760,132**	9,213,635
Goods held for sale - retail	**1,857,140**	1,712,144
Goods-in-transit	**1,347,479**	396,955
	10,964,751	11,322,734
Provision for slow moving and obsolete items	**(532,317)**	(625,284)
	10,432,434	10,697,450

Movements in the provision for slow moving and obsolete items are as follows:

	2016 BD	2015 BD
At 1 January	**625,284**	525,784
Provided during the year	**106,962**	327,626
Written off during the year	**(199,929)**	(228,126)
At 31 December	**532,317**	625,284

13 TRADE AND OTHER RECEIVABLES

	2016 BD	2015 BD
Trade receivables [net of allowance for impairment of BD 2,001,786 (2015: BD 1,662,896)]	**12,019,130**	14,127,420
Advances to suppliers	**436,183**	479,616
Other receivables	**3,818,193**	2,750,468
Due from related parties (note 27)	**461,329**	326,120
Prepayments	**1,327,726**	322,326
	18,062,561	18,005,950

Trade receivables include an amount of BD 314,005 (2015: BD 172,583) due from related parties (refer to note 27).

Trade receivables amounting to BD 330,315 (2015: nil) are secured against loans and borrowings, refer to note 19.

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

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

Trade receivables at a nominal value of BD 2,001,786 (2015: BD 1,662,896) were impaired and provided for as at 31 December 2016. Movements in the allowance for impairment of trade receivables are as follows:

	2016 BD	2015 BD
At 1 January	**1,662,896**	1,241,395
Charge for the year	**573,765**	421,501
Written off during the year	**(234,875)**	-
At 31 December	**2,001,786**	1,662,896

The ageing analysis of unimpaired trade receivables as at 31 December, is as follows:

			Past due but not impaired				
	Total BD	Neither past due nor impaired BD	Less than 30 days BD	30 to 60 days BD	61 to 90 days BD	91 to 120 days BD	More than 120 days BD
2016	**12,019,130**	**6,159,505**	**1,870,228**	**939,696**	**530,038**	**690,210**	**1,829,453**
2015	14,127,420	4,552,708	3,773,413	2,248,106	1,323,601	416,974	1,812,618

14 CASH AND CASH EQUIVALENTS

	2016 BD	2015 BD
Cash at banks and on hand	**2,374,013**	3,061,066
Short-term deposits	**35,170**	1,909,682
Cash, bank balances and short-term deposits	**2,409,183**	4,970,748
Bank overdrafts	**(364,767)**	(615,123)
Less: short-term deposits with original maturity of more than three months	**(35,170)**	-
Cash and cash equivalents	**2,009,246**	4,355,625

14 CASH AND CASH EQUIVALENTS (continued)

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirement of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate on short-term deposits was 2.25% to 2.5% (2015: 2.25% to 2.5%) per annum as at 31 December 2016.

Bank overdrafts carry interest at commercial rates.

15 SHARE CAPITAL

	2016	2015
	BD	BD
Authorised:		
200,000,000 (2015: 200,000,000) shares of 100 fils each	**20,000,000**	20,000,000

Issued, subscribed and fully paid-up:

	Number of shares		Share capital	
	2016	2015	**2016**	2015
			BD	BD
At 1 January	**146,428,549**	133,116,863	**14,642,854**	13,311,686
Bonus shares issued	**-**	13,311,686	**-**	1,331,168
At 31 December	**146,428,549**	146,428,549	**14,642,854**	14,642,854

During the 2015, the Company increased the issued, subscribed and fully paid-up share capital by BD 1,331,168 through an issue of 1 bonus share for every 10 shares held. These shares rank pari pasu with all other issued shares for future dividends and distributions. The bonus shares are issued by a transfer from retained earnings.

The Company has only one class of shares and the holders of these shares have equal voting rights.

The names and nationalities of the major shareholders and the number of shares in which they have an interest of 5% or more of total issued shares are as follows:

		2016		2015	
Names	**Nationality**	**Number of shares**	**Percentage of total outstanding share capital**	Number of shares	Percentage of total outstanding share capital
A.M. Yateem Bros. W.L.L.	Bahraini	**14,596,989**	**9.97**	10,884,377	7.43
Bahrain Duty Free Company B.S.C.	Bahraini	**9,608,513**	**6.56**	9,158,513	6.25
Mr. Yousif Abdullah Amin	Bahraini	**9,022,991**	**6.16**	9,022,991	6.16
Yousuf Khalil Almoayyed & Sons B.S.C. (c)	Bahraini	**8,742,189**	**5.97**	8,742,189	5.97

15 SHARE CAPITAL (continued)

Distribution schedule of shares, setting out the number of shareholders and percentage of shareholding of the total outstanding shares in the respective categories is as follows:

	2016			2015		
Categories	**Number of shares**	**Number of shareholders**	**Percentage of total outstanding share capital**	Number of shares	Number of shareholders	Percentage of total outstanding share capital
Less than 1%	**50,927,277**	**357**	**34**	58,583,025	376	40
1% up to less than 5%	**53,530,590**	**18**	**37**	50,037,454	17	34
5% up to less than 10%	**41,970,682**	**4**	**29**	37,808,070	4	26
	146,428,549	**379**	**100**	146,428,549	397	100

The details of the nationality of the shareholders and the percentage of shareholding of the total outstanding shares is as follows:

	2016			2015		
Nationality	**Number of shares**	**Number of shareholders**	**Percentage of total outstanding share capital**	Number of shares	Number of shareholders	Percentage of total outstanding share capital
Bahraini	**142,481,578**	**343**	**97.3045**	142,631,308	360	97.4068
Kuwaiti	**3,111,915**	**5**	**2.1252**	3,139,415	5	2.1440
Saudi	**458,143**	**12**	**0.3129**	244,559	11	0.1670
Indian	**203,969**	**10**	**0.1393**	192,224	11	0.1312
Others	**172,944**	**9**	**0.1181**	221,043	10	0.1510
	146,428,549	**379**	**100**	146,428,549	397	100

The details of the total ownership interest held by the directors are as follows:

	31 December 2016		31 December 2015	
Director	**Number of shares**	**Percentage of total outstanding share capital**	Number of shares	Percentage of total outstanding share capital
Mr. Abdulla Hassan Buhindi	**1,145,677**	**0.7824**	1,145,677	0.7824
Mr. Shawki Ali Fakhroo	**587,882**	**0.4015**	587,882	0.4015
Mr. Jehad Yousif Ameen	**500,000**	**0.3415**	660,000	0.4507
Mr. Mohammed Farooq Yusuf Almoayyed	**387,273**	**0.2645**	387,273	0.2645
Mrs. Mona Yousif Almoayyed	**336,153**	**0.2296**	336,153	0.2296
Mr. Abdulla Mohammed Juma	**291,108**	**0.1988**	291,108	0.1988
Mr. Suhail Mohamed Hussain Hajee	**110,000**	**0.0751**	110,000	0.0751
	3,358,093	**2.2934**	3,518,093	2.4026

16 TREASURY SHARES

Treasury shares represent the purchase by the Group of its own shares. The Group held 7,684,799 shares (31 December 2015: 7,684,799 shares) as at 31 December 2016.

	2016	2015
Number of treasury shares	**7,684,799**	7,684,799
Treasury shares as a percentage of total shares in issue (a)	**5.2%**	5.2%
Cost of treasury shares (BD / share)	**0.351**	0.386
Market price of treasury shares (BD / share)	**0.830**	0.870
Market value of treasury shares (BD)	**6,378,383**	6,685,775

The movements in the number of treasury shares during the period are as follows:

	2016	2015
At 1 January	**7,684,799**	7,904,571
Bonus shares issued	-	790,457
Shares transferred against the legal case (a)	-	(1,010,229)
At 31 December	**7,684,799**	7,684,799

(a) As more fully explained in note 28, the Company transferred 1,010,229 shares out of treasury shares as required by a court judgement. An adjustment between treasury shares and retained earnings based on the cost of the treasury shares amounting to BD 354,892 in the year ended 31 December 2016 to reflect this transfer. There was no such adjustment in the previous year.

17 DIVIDEND PAID AND PROPOSED

The Board of Directors has proposed a total cash dividend of 50 fils per share (excluding treasury shares), totaling BD 6,937,188 (2015: 50 fils per share totaling BD 6,937,188) for the year ended 31 December 2016 of which 20 fils per share totaling BD BD 2,774,875 (2015: 20 fils per share totaling BD 2,774,875) was paid as an interim dividend. The proposed final dividend equals 30 fils per share, totaling BD 4,162,313 (2015: 30 fils per share totaling BD 4,162,313).

The Board of Directors has proposed Directors' remuneration of BD 139,000 (2015: BD 139,000).

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

18 OTHER RESERVES

	Statutory reserve BD	Investment revaluation reserve BD	Revaluation reserve BD	Charity reserve BD	General reserve BD	Foreign currency translation reserve BD	Total BD
As at 1 January 2016	6,655,843	28,151	283,575	-	6,000,000	(1,002,536)	11,965,033
Other comprehensive income	-	23,596	-	-	-	(656,626)	(633,030)
Net losses on disposal of investments carried at fair value through other comprehensive	-	57,906	-	-	-	-	57,906
Transferred to statutory reserve	665,584	-	-	-	-	-	665,584
Transferred on disposal of investment properties	-	-	(283,575)	-	-	-	(283,575)
Transfer to general reserve	-	-	-	-	500,000	-	500,000
Transfer to charity reserve	-	-	-	201,760	-	-	201,760
Distribution to Alosra Charitable Foundation [refer note 18 (b)]	-	-	-	(201,760)	-	-	(201,760)
At 31 December 2016	**7,321,427**	**109,653**	-	-	**6,500,000**	**(1,659,162)**	**12,271,918**

	Statutory reserve BD	Investment revaluation reserve BD	Revaluation reserve BD	Charity reserve BD	General reserve BD	Foreign currency translation reserve BD	Total BD
As at 1 January 2015	6,655,843	(56,050)	283,575	-	5,500,000	(559,457)	11,823,911
Other comprehensive loss	-	(392,856)		-	-	(443,079)	(835,935)
Net losses on disposal of investments carried at fair value through other comprehensive	-	477,057	-	-	-	-	477,057
Transfer to general reserve	-	-	-	-	500,000	-	500,000
Transfer to charity reserve	-	-	-	225,178	-	-	225,178
Distribution to Alosra Charitable Foundation [refer note 18 (b)]	-	-	-	(225,178)	-	-	(225,178)
At 31 December 2015	6,655,843	28,151	283,575	-	6,000,000	(1,002,536)	11,965,033

18 OTHER RESERVES (continued)

a) Statutory reserve

As required by the Bahrain Commercial Companies Law, the Company 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. During the year, the Company transferred BD 665,584 (2015: nil) to the statutory reserve to achieve the stipulated percentage of 50% of issued and paid-up share capital. The reserve is not distributable except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

b) Charity reserve

In accordance with the Company's articles of association and the recommendation of the Board of Directors, an amount not exceeding 2% of the Group's profit for the year is transferred to the charity reserve.

In 2008, the Company established Alosra Charitable Foundation ('the Foundation') for this purpose. In 2008 and 2009, the Foundation was controlled by the Company and formed part of the Group's consolidated financial statements consisting of the reserve and cash at bank. In 2010, the Company relinquished control of the Foundation to an independent Board of Directors thus reducing the reserve and bank balances of the Group by the sum included in the Foundation's bank account. The charity reserve now represents amounts approved as appropriations by the Board of Directors and shareholders of the Company less cash transferred to the Foundation.

The Board of Directors has proposed a transfer of BD 188,368 (2015: BD 201,760) to the charity reserve in the current year. This is subject to approval by the shareholders at the Annual General Meeting.

c) 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. The Board of Directors has proposed a transfer of BD 500,000 (2015: BD 500,000) to the general reserve in the current year. This is subject to approval by the shareholders at the Annual General Meeting.

d) Investment revaluation reserve

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

e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

19 LOANS AND BORROWINGS

	2016 BD	2015 BD
Term loan (a)	**21,665,437**	-
Short term loan (b)	**652,465**	884,359
	22,317,902	884,359
Non-current	**20,029,755**	-
Current	**2,288,147**	884,359
	22,317,902	884,359

19 LOANS AND BORROWINGS (continued)

(a) This represents term loan facility obtained by Banader Hotels Company B.S.C. of BD 25,000,000 from HSBC Bank Middle East Limited to finance the settlement of a Murabaha facility, fund the Project and the hotel's pre-operating expenses until the soft opening of the hotel, and fund the retention payable to the Project contractors.

The loan carries interest rates varying from 2.2% to 2.45% plus the BIBOR or T-bills rate, as applicable, and is repayable in 29 quarterly instalments ranging from BD 131,139 to BD 657,011 and final payment of BD 11,145,000. The final instalment is falling due on 31 March 2023. The loan is secured against the freehold land and building of the hotel bearing title deed number 146959 and assignment of Banader's receivables until the settlement of loan including the interest.

(b) This represents a credit facility obtained from a commercial bank in the Kingdom of Bahrain to finance procurement of goods for sale. The facility carries interest at BIBOR plus 1.75% (2015: 1.75%) per annum with tenor up to 30 days.

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2016	2015
	BD	BD
At 1 January	**1,718,567**	1,805,800
Acquisition of a subsidiary (note 5)	**43,828**	-
Provided during the year (note 22)	**323,965**	290,173
End of service benefits paid	**(228,957)**	(377,406)
Provision as at 31 December	**1,857,403**	1,718,567
Advances paid to employees	**(493,655)**	(542,421)
Net provision as at 31 December	**1,363,748**	1,176,146

21 TRADE AND OTHER PAYABLES

	2016	2015
	BD	BD
Trade payables	**5,290,293**	9,030,276
Accrued liabilities	**5,324,026**	5,714,840
Other payables	**2,444,860**	1,273,046
Unclaimed dividends	**624,523**	547,281
	13,683,702	16,565,443

Trade payables and other payables include amounts of BD 78,313 (2015: BD 61,419) due to related parties (refer to 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 day terms.
- Other payables are non-interest bearing and have terms ranging between one and three months.
- Unclaimed dividends are payable on demand.
- For terms and conditions relating to amounts due to related parties, refer to note 27.

22 PROFIT OF THE GROUP FOR THE YEAR

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

	2016 BD	2015 BD
Staff costs		
Short term benefits	**16,018,392**	14,687,542
Contributions to the Social Insurance Organization (SIO)	**551,011**	489,726
End of service benefits (note 20)	**323,965**	290,173
	16,893,368	15,467,441

The staff costs have been allocated in the consolidated statement of income as follows:

	2016 BD	2015 BD
Cost of sales	**5,322,458**	4,873,203
Selling and distribution expenses	**4,746,173**	4,345,560
General and administrative expenses	**6,824,737**	6,248,678
	16,893,368	15,467,441

	2016 BD	2015 BD
Finance costs		
Interest on term loan	**792,911**	-
Interest on short-term loan and bank overdraft	**85,855**	75,090
Bank charges	**18,518**	25,294
	897,284	100,384

	2016 BD	2015 BD
Rentals - operating leases	**992,349**	937,641
Foreign exchange gains, net	**66,376**	29,319
Gain on disposal of property, plant and equipment	-	20,004

	2016 BD	2015 BD
Cost of sales comprise of:		
Inventories recognised as expense upon sale of finished goods	**54,791,293**	50,670,250
Consumption cost	**6,339,630**	5,804,518
Labour cost	**3,993,664**	3,656,569
Other direct costs	**3,124,023**	2,860,332
Warehouse rent	**213,446**	195,430
Depreciation (note 6)	**26,501**	11,375
	68,488,557	63,198,474

23 OTHER OPERATING INCOME

	2016 BD	2015 BD
Rental income	**725,705**	586,895
Display income and rebates	**650,909**	618,091
Miscellaneous income	**285,869**	325,553
	1,662,483	1,530,539

24 NET INVESTMENT INCOME

	2016 BD	2015 BD
Dividend income	**571,671**	468,928
Investment income on investments held at FVTPL	**152,364**	173,562
Interest income	**117,997**	25,138
	842,032	667,628

25 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2016 and 31 December 2015 are:

	2016 BD	2015 BD
Current income expense	**106,604**	295,953
Zakat provision	**13,000**	15,000
	119,604	310,953

The Group's tax charge arises in Gabonese Republic, Republic of South Sudan, Republic of Sudan and Republic of Ghana, whereas, the zakat provision relates to the Group's operations in the Kingdom of Saudi Arabia.

The Group's tax expense includes taxes accrued and paid on taxable profits or revenues of entities to the authorities in the respective countries of incorporation, in accordance with the tax laws prevailing in those jurisdictions.

Consequently, it is not practical to provide a reconciliation between the accounting and taxable profits together with the details of effective tax rates as the operations of the Group are subject to various tax jurisdictions and regulations.

26 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders 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 data used in the basic earnings per share computations:

	2016 **BD**	2015 BD
Profit for the year attributable to ordinary equity holders of BMMI B.S.C.	**9,418,380**	10,088,016
Weighted average number of shares, net of treasury shares	**138,743,750**	138,407,007
Basic earnings per share (fils)	**68**	73

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 completion of these consolidated financial statements, that would have a dilutive effect.

27 RELATED PARTY DISCLOSURES

Related parties represent the associate, joint ventures, major shareholders, directors and key management personnel of the Group entities, 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:

	2016		2015	
	Selling and distribution expenses BD	**Cost of sales BD**	Selling and distribution expenses BD	Cost of sales BD
Other related parties:				
Banz Group B.S.C. (c)	**18,000**	-	18,000	-
Joint ventures:				
Inchcape Shipping Services W.L.L.	-	**217,092**	-	703,071
	18,000	**217,092**	18,000	703,071

Transactions with related parties are made at normal market prices in the ordinary course of business.

27 RELATED PARTY DISCLOSURES (continued)

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

	2016			
	Trade receivables BD	**Loan to BD**	**Due from BD**	**Trade and other payables BD**
Joint ventures:				
B&B Logistics W.L.L.	**37,498**	-	-	-
Zad Marketing & Distribution W.L.L.	**107,195**	-	**88,251**	-
Inchcape Shipping Services W.L.L.	**169,312**	-	**143,810**	**78,313**
UQLC Facility Management Company Limited [note (i)]	-	**881,148**	**229,268**	-
	314,005	**881,148**	**461,329**	**78,313**

	2015			
	Trade receivables BD	Loan to BD	Due from BD	Trade and other payables BD
Associate:				
Banader Hotels Company B.S.C. [note (ii)]	-	315,222	-	12,244
Joint ventures:				
B&B Logistics W.L.L.	37,498	-	-	-
Zad Marketing & Distribution W.L.L.	91,569	-	84,823	3,398
Inchcape Shipping Services W.L.L.	43,516	-	12,029	45,777
UQLC Facility Management Company Limited [note (i)]	-	829,400	229,268	-
	172,583	1,144,622	326,120	61,419

(i) This represents the Group's share of the loan provided to a joint venture jointly by BMMI B.S.C. and Gulftainer Company Limited. The maximum loan amount which can be utilised as per the agreements is USD 4.4 million which can only be used in the operations of the subsidiary of UQLC in Iraq and for certain other activities as per the joint venture agreement. The loan is interest free and is provided for a period of 3 years. The repayment will start from the second year and will be paid in equal monthly installments by the end of the 3 year deadline.

(ii) This represents loan of maximum up to BD1,000,000 provided to the associate in the previous year to finance the construction of the hotel. The loan carried interest of 2.45% over BIBOR and is repayable within a maximum period of 60 months. In the event of default, the associate will carry out a Rights Issue allowing the conversion of the remaining unpaid instalments into preference shares with the process expected to result in the final allotment by 2020. The loan ceased to be with a related party and was eliminated upon conversion of the associate into a subsidiary.

Terms and conditions of balances with related parties except loans to a joint venture and an associate
Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash except for loans given to an associate and a joint venture (refer above). There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2016 and 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

27 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel

Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the Group. The key management personnel comprise members of the board of directors, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer and their compensation is as follows:

	2016	2015
	BD	BD
Board of Directors' remuneration	**139,000**	139,000
Board of Directors' meeting attendance fee	**78,000**	77,000
Key management personnel		
Short-term benefits	**773,114**	644,405
Employees' end of service benefits	**40,184**	33,572
	813,298	677,977
	1,030,298	893,977

28 COMMITMENTS AND CONTINGENCIES

Contingencies

The Group had contingencies in the form of bank guarantees issued by its banks in the ordinary course of business amounting to BD 861,435 (2015: BD 832,372) as at 31 December 2016, from which it is anticipated that no material liabilities will arise.

Legal case

The Company was a defendant in a legal case in which the Court of Appeal has issued its verdict in favour of the Plaintiff directing the Company to pay a dividend of BD 354 thousand and issue 1,010,229 shares to the Plaintiff. The Company filed an appeal in the Court of Cassation whihc was rejected by the Court of Cassation in 2015.

During the year ended 31 December 2015, the Company transferred 1,010,229 shares out of treasury shares to the Plaintiff and paid dividends of BD 354 thousand.

The Group is also involved in certain other pending legal cases as of 31 December 2016 in the normal course of business. The management believes, based on the legal advice from independent lawyers, that the outcome of the legal cases cannot be presently determined. Accordingly, the management has not recognised a provision in the consolidated statement of income for these pending legal cases as at 31 December 2016 and 31 December 2015.

Capital commitments

The Group had capital expenditure commitments of BD 86,072 (2015: BD 2,100,000) as at 31 December 2016.

Commitments relating to confirmed purchase orders at the reporting date amounted to BD 2,135,751 (2015: BD 3,059,579).

28 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments
Future minimum rentals payable under non-cancellable operating leases as at 31 December, are as follows:

	2016 **BD**	2015 BD
Within one year	**803,901**	787,041
After one year but not more than five years	**2,640,959**	2,739,145
More than five years	**1,618,079**	2,087,381
Aggregate operating lease expenditure contracted for at the reporting date	**5,062,939**	5,613,567

The future minimum rentals payable above include BD 1,216,620 (2015: BD 1,365,125) which represents the extended lease agreement to manage Najibi Centre up to 31 May 2019 and BD 1,611,280 (2015: BD 1,789,200) to manage Amwaj Centre up to 31 December 2025.

29 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiary that has material non-controlling interests is provided below:

	Country of incorporation	**2016**	2015
Ownership interest held by non-controlling interests			
Banader Hotels Company B.S.C. ("Banader")	Kingdom of Bahrain	**46.09%**	-

	2016 **BD**	2015 BD
Accumulated balances of material non-controlling interests	**6,628,015**	-
Loss allocated to material non-controlling interests	**(1,805,967)**	-

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	2016 **BD**	2015 BD
Summarised statement of comprehensive income:		
Sales	**1,806,117**	-
Cost of sales	**(1,852,078)**	-
Selling and distribution expenses	**(225,774)**	-
General and administrative expenses	**(2,853,703)**	-
Finance costs	**(792,911)**	-
Loss for the year and total comprehensive loss	**(3,918,349)**	-
Attributable to non-controlling interests	**(1,805,967)**	-
Dividends paid to non-controlling interests	-	-

29 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2016 BD	2015 BD
Summarised statement of financial position:		
Property, plant and equipment	**42,267,135**	-
Inventories	**153,608**	-
Trade and other receivables (current)	**330,315**	-
Cash, bank balances and short term deposits (current)	**497,662**	-
Employees' end of service benefits (non-current)	**(65,309)**	-
Amount due to a related party (non-current)	**(3,698,473)**	-
Loans and borrowings (non-current)	**(20,029,755)**	-
Loans and borrowings (current)	**(1,636,132)**	-
Trade and other payable (current)	**(658,185)**	-
Retentions payables (current)	**(2,780,273)**	-
Equity	**14,380,593**	-
Attributable to non-controlling interest	**6,628,015**	-

	2016 BD	2015 BD
Summarised statement of cash flows information:		
Net cash flows used in operating activities	**(3,558,262)**	-
Net cash flows used in investing activities	**(651,221)**	-
Net cash flows from financing activities	**4,608,819**	-
Net increase in cash and cash equivalents	**399,336**	-

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 three main operating segments:

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

Retail and distribution - Retail and distribution of food, beverages and other consumer products.

Investments and other activities - This consists of investment properties, investments, bank balances, and certain payables that are managed on a Group basis.

Hospitality - This consist of the Group's hotel business.

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 on an arm's length basis in a manner similar to transactions with third parties, and are eliminated on consolidation.

30 OPERATING SEGMENTS (continued)

Geographic information

Revenue from external customers	**2016 BD**	2015 BD
Kingdom of Bahrain	**79,325,624**	70,442,438
Other GCC countries	**1,512,852**	1,680,350
Other foreign countries - Africa	**15,705,107**	16,854,771
Total revenue as per the consolidated statement of income	**96,543,583**	88,977,559

The revenue information above is based on the location of the customer.

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

	Total assets		Total liabilities	
	2016 BD	2015 BD	**2016 BD**	2015 BD
Kingdom of Bahrain	**93,312,634**	68,693,628	**34,302,646**	16,601,171
Other GCC countries	**3,459,302**	2,490,885	**866,913**	402,747
Other foreign countries - Africa	**13,341,365**	9,606,506	**5,383,069**	2,500,845
Total	**110,113,301**	80,791,019	**40,552,628**	19,504,763

30 OPERATING SEGMENTS (continued)

	Contract services and supply		Retail and distribution		Investment and other activities		Hospitality		Adjustments and eliminations		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	BD	BD	**BD**	BD	**BD**	BD	**BD**	BD	**BD**	BD	**BD**	BD
Sales - external customers	**18,386,740**	19,769,468	**76,350,726**	69,208,091	**-**	-	**1,806,117**	-	**-**	-	**96,543,583**	88,977,559
Sales - inter-segment	**-**	-	**(1,056,963)**	(974,130)	**-**	-	**-**	-	**1,056,963**	974,130	**-**	-
Total sales	**18,386,740**	19,769,468	**75,293,763**	68,233,961	**-**	-	**1,806,117**	-	**1,056,963**	974,130	**96,543,583**	88,977,559
Cost of sales	**(14,530,238)**	(15,651,197)	**(51,049,278)**	(46,573,147)	**-**	-	**(1,852,078)**	-	**(1,056,963)**	(974,130)	**(68,488,557)**	(63,198,474)
Gross profit (loss)	**3,856,502**	4,118,271	**24,244,485**	21,660,814	**-**	-	**(45,961)**	-	**-**	-	**28,055,026**	25,779,085
Gains on disposal of investment properties	**-**	-	**-**	-	**1,118,685**	-	**-**	-	**-**	-	**1,118,685**	-
Share of results of joint venture and an associate	**19,529**	15,538	**250,348**	94,709	**(343,838)**	(353,550)	**-**	-	**-**	-	**(73,961)**	(243,303)
Losses on investments carried at FVTPL	**-**	-	**-**	-	**(2,220)**	(157,130)	**-**	-	**-**	-	**(2,220)**	(157,130)
Investment income	**-**	-	**-**	-	**842,032**	667,628	**-**	-	**-**	-	**842,032**	667,628
Other operating income	**-**	-	**650,909**	632,194	**1,751,892**	1,579,907	**-**	-	**(740,318)**	(681,562)	**1,662,483**	1,530,539
Expenses excluding depreciation	**(3,667,414)**	(3,009,555)	**(11,210,493)**	(10,111,624)	**(3,030,580)**	(2,761,171)	**(1,487,937)**	-	**(576,970)**	450,874	**(19,973,394)**	(15,431,476)
Depreciation	**(177,185)**	(279,541)	**(880,737)**	(1,072,735)	**(218,961)**	(193,714)	**(1,622,467)**	-	**-**	-	**(2,899,350)**	(1,545,990)
Finance costs	**(104,373)**	(100,384)	**-**	-	**-**	-	**(792,911)**	-	**-**	-	**(897,284)**	(100,384)
Impairment of goodwill	**(100,000)**	(100,000)	**-**	-	**-**	-	**-**	-	**-**	-	**(100,000)**	(100,000)
Income tax expense	**(106,604)**	(295,953)	**(13,000)**	(15,000)	**-**	-	**-**	-	**-**	-	**(119,604)**	(310,953)
(Loss) profit for the year	**(279,545)**	348,376	**13,041,512**	11,188,358	**117,010**	(1,218,030)	**(3,949,276)**	-	**(1,317,288)**	(230,688)	**7,612,413**	10,088,016
Capital expenditure	**8,541,862**	301,065	**1,339,757**	1,643,972	**-**	-	**-**	-	**(7,326,492)**	(238,479)	**2,555,127**	1,706,558
Operating assets	**10,312,791**	11,913,449	**15,686,634**	16,798,334	**62,125,971**	62,017,134	**43,248,720**	-	**(21,260,815)**	(9,937,898)	**110,113,301**	80,791,019
Operating liabilities	**11,774,388**	13,040,989	**10,771,009**	13,796,838	**3,248,374**	4,574,662	**28,898,656**	-	**(14,139,799)**	(11,907,726)	**40,552,628**	19,504,763

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

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings, retentions payable, a portion of trade and other payables 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 cash, bank balances and short term deposits that arise directly from its operations. The Group also holds investments and loan to a joint venture.

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 and Finance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Investment and Finance 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 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. Financial instruments affected by market risk include, a portion of trade and other receivables, bank balances and short-term deposits, certain investments, loans and borrowings, retentions payable, bank overdrafts and a portion of trade and other payables.

The sensitivity analysis in the following sections relate to the position as at 31 December 2016 and 31 December 2015.

The sensitivity analysis have been prepared on the basis that the proportion of financial instruments in foreign currencies are all constant at 31 December 2016 and 31 December 2015.

The analysis excludes the impact of movements in market variables on the carrying value of end of service benefits, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

(a) The consolidated statement of financial position sensitivity relates to investments, loan to a joint venture, cash, bank balances and short-term deposits, a portion of trade and other receivables, a portion of trade and other payables and bank overdrafts.

(b) 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 2016 and 31 December 2015.

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 (loans and 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:

	2016		2015	
Increase (decrease) in basis points	**+50**	**-25**	+50	-25
(Decrease) increase in profit [in BD]	**(113,413)**	**56,707**	(7,497)	3,749

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

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 and Finance Committee on a regular basis. The Group's Investment and Finance Committee reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity value, with all other variables held constant.

		2016		2015	
Investments at FVTOCI	**Change in equity's fair value**	**Effect on equity BD**	**Effect on profit BD**	Effect on equity BD	Effect on profit BD
- Quoted investments					
Equity investments	**+10%**	**851,178**	-	855,348	-
	-10%	**(851,178)**	-	(855,348)	-
- Unquoted investments					
Equity investments	**+10%**	**192,091**	-	214,275	-
	-10%	**(192,091)**	-	(214,275)	-
Investments at FVTPL					
- Quoted investments					
Equity investments	**+10%**	-	**54,471**	-	52,041
	-10%	-	**(54,471)**	-	(52,041)
Debt investments	**+10%**	-	**191,589**	-	191,589
	-10%	-	**(191,589)**	-	(191,589)

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 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:

	2016 BD	2015 BD
Equities	**7,923,286**	7,743,451
Private equity funds	**1,889,675**	2,095,857
Open-ended mutual funds	**1,148,962**	1,377,321
Debt instruments	**1,931,355**	1,915,888
	12,893,278	13,132,517

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

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 revenue or expense are denominated in a different currency from the Group's presentational currency) and the Group's net investments in foreign subsidiaries.

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.

The Group's exposure to foreign currency financial assets and liabilities, are as follows:

	2016		2015	
	Assets BD equivalent	**Liabilities BD equivalent**	Assets BD equivalent	Liabilities BD equivalent
Euro	**121,256**	**129,096**	128,313	156,860
Pound Sterling (GBP)	**40,132**	**42,647**	48,941	53,309
Other currencies	**4,329,902**	**1,736,178**	5,124,144	1,950,762

The table below indicates the Group's sensitivity to foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a 5% upward movement of the Bahraini Dinar currency rate against the Euro, the Pound Sterling (GBP) and other currencies, with all other variables held constant, on the consolidated statement of income (due to the fair value of currency sensitive monetary assets and liabilities and the Group's consolidated statement of other comprehensive income due to changes in the net investment in foreign subsidiaries).

	2016		2015	
	Effect on profit BD	**Effect on equity BD**	Effect on profit BD	Effect on equity BD
Change in foreign exchange rates	**±5%**	**±5%**	±5%	±5%
Euro	**392**	-	1,427	-
Pound Sterling (GBP)	**126**	-	218	-
Other currencies	-	**(129,686)**	-	(158,669)

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 with banks and financial institutions, investments in debt instruments and other financial instruments.

Trade receivables and loans to a joint venture and an associate

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 bad debts is not significant. The management does not believe that there is any significant credit risk associated with the loan to a joint venture.

Bank balances, short-term deposits and investments in debt instruments

With respect to credit risk from the financial assets of the Group, which comprise bank balances, short- term deposits and investments in debt instruments, the Group's exposure to credit risk arises from default of the counterparty. The maximum exposure equals to the carrying amount of these instruments. The Group limits credit risk by dealing only with reputable banks and investing in government bonds.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Gross maximum exposure

The table below shows the gross maximum exposure to credit risk for the Group's consolidated statement of financial position headings which are considered to be performing:

	2016 BD	2015 BD
Bank balances and short-term deposits	**2,233,935**	4,814,995
Trade and other receivables	**16,298,652**	17,204,008
Investments (in debt instruments)	**1,931,355**	1,915,888
Loans to a joint venture and an associate	**881,148**	1,144,622
	21,345,090	25,079,513

The Group investments in debt instruments as of 31 December 2016 and 31 December 2015, were neither past due nor impaired.

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 wholesalers and retailers. Its five largest customers account for 9% (2015: 7%) of the outstanding trade receivables at 31 December 2016.

The distribution of the Group's financial assets are as follows:

31 December 2016	**Investments in debt instruments BD**	**Trade and other receivables BD**	**Bank balances and short-term deposits BD**
Geographic regions			
Bahrain	**1,591,048**	**9,652,150**	**1,704,996**
Other GCC countries	**340,307**	**1,562,789**	**-**
African countries	**-**	**4,854,445**	**511,594**
Republic of Iraq	**-**	**1,110,416**	**17,345**
	1,931,355	**17,179,800**	**2,233,935**

31 December 2015	Investments in debt instruments BD	Trade and other receivables BD	Bank balances and short-term deposits BD
Geographic regions			
Bahrain	1,563,390	9,587,414	4,304,830
Other GCC countries	352,498	1,382,999	-
African countries	-	6,267,801	491,315
Republic of Iraq	-	1,110,416	18,850
	1,915,888	18,348,630	4,814,995

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Credit risk concentrations (continued)

31 December 2016	**Investments in debt instruments BD**	**Trade and other receivables BD**	**Bank balances and short-term deposits BD**
Industry sectors			
Banking	**767,798**	-	**2,233,935**
Government	**1,163,557**	-	-
Trading	-	**17,179,800**	-
Total	**1,931,355**	**17,179,800**	**2,233,935**

31 December 2015	Investments in debt instruments BD	Trade and other receivables BD	Bank balances and short-term deposits BD
Industry sectors			
Banking	754,905	-	4,814,995
Government	1,160,983	-	-
Trading	-	18,348,630	-
Total	1,915,888	18,348,630	4,814,995

Liquidity risk
The Group limits its liquidity risk by ensuring bank facilities are available. 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 2016	**On demand BD**	**Less than 3 months BD**	**3 to 12 months BD**	**1 to 10 years BD**	**Total BD**
Bank overdrafts	**364,767**	-	-	-	**364,767**
Trade and other payables	**624,523**	**7,735,153**	-	-	**8,359,676**
Loans and borrowings	-	**1,067,319**	**1,257,470**	**23,334,665**	**25,659,454**
Retentions payable	-	-	**2,780,273**	-	**2,780,273**
	989,290	**8,802,472**	**4,037,743**	**23,334,665**	**37,164,170**

31 December 2015	On demand BD	Less than 3 months BD	3 to 12 months BD	Total BD
Bank overdrafts	615,123	-	-	615,123
Trade and other payables	547,281	10,303,322	-	10,850,603
	1,162,404	10,303,322	-	11,465,726

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 capital ratios in order to support its business and maximize 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 loans and borrowings. There have been no breaches in the financial covenants of any credit facility agreements in during the years ended 31 December 2016 and 31 December 2015.

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 2016 and 31 December 2015, respectively. Equity comprises of share capital, other reserves, and retained earnings net of treasury shares attributable to the equity holders of the Company and is measured at BD 69,560,673 (2015: BD 61,286,256) as at 31 December 2016.

32 FAIR VALUES MEASUREMENT

The fair values of the assets and liabilities are at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Financial assets consist of loan to a joint venture, investments, a portion of trade and other receivables and cash, bank balances and short-term deposits. Financial liabilities consist of loans and borrowings, retentions payable, a portion of trade and other payables and bank overdrafts.

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

a) Cash, bank balances 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) Loans and borrowings and loan to a joint venture 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 2016 and 31 December 2015; and

c) Fair value of quoted investments is derived from quoted market prices in active markets or in the case of unquoted investments, using appropriate valuation techniques.

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

Fair value hierarchy
For fair value hierarchy of the Group's assets and liabilities, refer to note 11.

32 FAIR VALUES MEASUREMENT (continued)

Financial instruments by categories:
Set out below is an overview of financial instruments held by the Group:

31 December 2016	**Amortised cost BD**	**Fair value through profit or loss BD**	**Fair value through other comprehensive income BD**	**Total BD**
Financial assets:				
Investments	-	**2,460,596**	**10,432,682**	**12,893,278**
Trade and other receivables	**17,179,800**	-	-	**17,179,800**
Cash, bank balances and short-term deposits	**2,409,183**	-	-	**2,409,183**
Loans to a joint venture and an associate	**881,148**	-	-	**881,148**
	20,470,131	**2,460,596**	**10,432,682**	**33,363,409**
Financial liabilities:				
Bank overdrafts	**364,767**	-	-	**364,767**
Trade and other payables	**8,359,676**	-	-	**8,359,676**
Loans and borrowings	**22,317,902**	-	-	**22,317,902**
Retentions payable	**2,780,273**	-	-	**2,780,273**
	33,822,618	-	-	**33,822,618**

31 December 2015	Amortised cost BD	Fair value through profit or loss BD	Fair value through other comprehensive income BD	Total BD
Financial assets:				
Investments	-	2,436,296	10,696,221	13,132,517
Trade and other receivables	18,348,630	-	-	18,348,630
Cash, bank balances and short-term deposits	4,970,748	-	-	4,970,748
Loans to a joint venture and an associate	1,144,622	-	-	1,144,622
	24,464,000	2,436,296	10,696,221	37,596,517
Financial liabilities:				
Bank overdrafts	615,123	-	-	615,123
Trade and other payables	10,850,603	-	-	10,850,603
	11,465,726	-	-	11,465,726

33 RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year. Such reclassifications do not affect previously reported profit or equity.

34 CORPORATE GOVERNANCE DISCLOSURES

(i) Board, Board Members and Management

Board and Directors' responsibilities

The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of shareholders' interests. The Board of Directors' role and responsibilities include but are not limited to:

- Monitoring the overall business performance;
- Monitoring management's performance and succession plan for senior management;
- Monitoring conflicts of interest and preventing abusive related party transactions;
- Accurate preparation of the annual consolidated financial statements;
- Convening and preparing for the shareholders' meetings;
- Recommend dividend to shareholders and ensure its execution;
- Adopt, implement and monitor compliance with the Group's Code of Conduct;
- Review the Group's objectives and policies relating to social responsibilities; and
- Select, interview and appoint Chief Executive Officer and other selected members of the senior management.

In this respect, the Directors remain individually and collectively responsible for performing all of the Board of Director's responsibilities.

Material transactions requiring board approval

The following material transactions require Board's review, evaluation and approval:

- The Company's strategy;
- The annual budget;
- Major resource allocations and capital investments; and
- Management responsibilities and training, development and succession plan for senior management.

Election system of directors and termination process

Election / re-election of the Board members take place every three years at the meeting of the shareholders. The last election of Board members was held on 16 March 2015.

Termination of a Board member's mandate usually occurs by dismissal at the meeting of the shareholders or by the member's resignation from the Board of Directors.

Directors trading of the Company's shares

During the year ended 31 December 2016, Board Member, Mr. Jehad Yousif Amin sold 160,000 of BMMI's shares in October, November and December 2016 which brought his share ownership down from 660,000 shares to 500,000 shares (0.340% of the total outstanding shares).

Code of conduct and procedures adopted by the Board for monitoring compliance

The Board of Directors and the Group's employees are expected to maintain the highest level of corporate ethics and personal behavior. The Group has established a BMMI's Code of Conduct which provides an ethical and legal framework for all employees in the conduct of its business. The BMMI's Code of Conduct defines how the Group relates to its employees, shareholders and the community in which the Group operates.

The Board of Directors has adopted the BMMI Code of Business Conduct and a Company's Whistleblower Policy to monitor compliance with the Group's ethics. The Code of Business Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behavior having regard to the best practice of corporate governance models and ethics.

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(i) Board, Board Members and Management (continued)

The following table summarises the information about the business title, experience in years and the qualifications of each member of the Executive Management as at 31 December 2016:

Name of Executive member	Designation / Business title	Experience in years	Qualification
Mr. Gordon Boyle*	Chief Executive Officer	38	Diploma in Management, Diploma in Telecom engineering.
Mr. Ammar Aqeel	Chief Financial Officer	20	Master of Business Administration and Fellow member of CIMA and AAT.
Mr. Robert Smith	COO - Contracting Services	31	Bachelor's Degree in Business Administration and Diploma in Hotel and Catering operations.
Mr. Marek Sheridan*	EVP - Corporate	32	Master of Business Administration.

* Mr. Gordon Boyle retired from the office of Chief Executive Officer on 31 December 2016 and Mr Marek Sheridan selected as the next Chef Executive Officer from 1 January 2017.

The following table summarises the total remuneration paid to members of the Executive Management during the year:

	2016 BD	2015 BD
Salaries	**436,781**	385,999
Bonuses	**189,470**	148,959
Allowances	**146,863**	109,447
Employees' end of service benefits	**40,184**	33,572
Total	**813,298**	677,977

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(i) Board, Board Members and Management (continued)

The Board of Directors consist of 8 members (2015: 8 members) as of 31 December 2016.

The Board has been elected on 16 March 2015 for a period of 3 years.

The following table summarises the information about the profession, business title, experience in years and start date of the current Board members:

Name of Board Member	Profession	Business Title	Executive/non Executive Independent/ non Independent	Experience in years	Start date
Mr. Abdulla Buhinidi	Businessman	Chairman	Non-executive/non-independent	50	2004
Mr. Abdulla Juma	Businessman	Vice-Chairman	Non-executive/ independent	46	2004
Mr. Shawki Fakhroo	Businessman	Director	Non-executive/ independent	41	1992
Mr. Jehad Amin	Businessman	Director	Non-executive/non-independent	39	2004
Mrs. Mona Almoayyed	Businesswoman	Director	Non-executive/non-independent	42	2004
Mr. Mohammed Almoayyed	Businessman	Director	Non-executive/non-independent	18	2004
Mr. Redha Faraj	Businessman	Director	Non-executive/ independent	55	2006
Mr. Suhail Hajee	Businessman	Director	Non-executive/ independent	25	2011

The following board members had directorship in the board of other listed companies in Bahrain:

Name of the Board member	Number of directorships in other listed companies in Bahrain
Mr. Abdulla Buhinidi	3
Mr. Shawki Fakhroo	2
Mr. Jehad Amin	5
Mr. Mohammed Almoayyed	1
Mr. Redha Faraj	1
Mr. Suhail Hajee	1

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(i) Board, Board Members and Management (continued)

The Group should hold a minimum of five Board meetings during each year. During the year ended 31 December 2016, six meetings (2015: six meetings) of Board of Directors were held. The following table summarises the information about Board of Directors meeting dates and attendance of directors at each meeting:

Date	Members attended	Members not attended
15 February 2016	Mr. Abdulla Buhindi Mr. Abdulla Juma Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Mohammed Almoayyed Mr. Redha Faraj Mr. Suhail Hajee Mr. Jehad Amin	
16 March 2016	Mr. Abdulla Buhindi Mr. Abdulla Juma Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Redha Faraj Mr. Jehad Amin Mr. Suhail Hajee	Mr. Mohammed Almoayyed
25 April 2016	Mr. Abdulla Buhindi Mr. Abdulla Juma Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Mohammed Almoayyed Mr. Redha Faraj Mr. Jehad Amin Mr. Suhail Hajee	

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(i) Board, Board Members and Management (continued)

Date	Members attended
27 June 2016	Mr. Abdulla Buhindi Mr. Abdulla Juma Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Mohammed Almoayyed Mr. Redha Faraj Mr. Jehad Amin Mr. Suhail Hajee
18 October 2016	Mr. Abdulla Buhindi Mr. Abdulla Juma Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Mohammed Almoayyed Mr. Redha Faraj Mr. Jehad Amin Mr. Suhail Hajee
28 November 2016 .	Mr. Abdulla Buhindi Mr. Abdulla Juma Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Mohammed Almoayyed Mr. Redha Faraj Mr. Jehad Amin Mr. Suhail Hajee

Remuneration policy

The remuneration policy is based on basic and attendance fees amounted to BD 78,000 (2015: BD 77,000).

The total director's remuneration for the year amounted to BD 139,000 (2015: BD 139,000).

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Committees of Board of Directors

The following table summarises the information about Board's Committees, their members and objectives:

Board committee	Objective	Members	Executive/non-Executive Independent/ non-Independent
Executive Committee	The executive committee is formed to discuss matters with the Group's management regarding senior staffing, financial performance, operational performance, strategies and all other issues as directed by the Board.	Mr. Shawki Fakhroo	Non-executive/ independent, Chairman
		Mrs. Mona Almoayyed	Non-executive/non-independent
		Mr. Jehad Amin	Non-executive/non-independent
Investment and Finance Committee	The Investment and Finance Committee of BMMI is responsible for approving the Group's investment policies, strategies, transactions and reviewing the performance of the Group's investments. The committee is also to provide assistance to the Board in the review and oversight of the Group's objectives, strategies and policies.	Mr. Abdulla Buhindi	Non-executive/non-independent, Chairman
		Mrs. Mona Almoayyed	Non-executive/non-independent
		Mr. Jehad Ameen	Non-executive/non-independent
		Mr. Shawki Fakhro	Non-executive/ independent
		Mr. Suhail Hajee	Non-executive/ independent
Audit Committee	The Audit Committees is responsible for: 1) Monitoring the integrity of the Financial Reporting Process, BMMI's systems of Internal Control, review of the consolidated financial statements and reports, compliance of the Board with legal and regulatory requirements and the performance of the Group's Internal Audit function. 2) To recommend the appointment of External Auditors, agreeing their compensation, overseeing their independence and preparing reports required to be prepared by the Audit Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain.	Mr. Redha Faraj	Non-executive/ independent, Chairman
		Mr. Abdullah Juma	Non-executive/ independent
		Mr. Mohammed Almoayyed	Non-executive/non-independent

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Committees of Board of Directors (continued)

Board committee	Objective	Members	Executive/non-Executive Independent/ non-Independent
Remuneration and Nomination Committee	Review and advise the Board on the Board's Composition, new directors nominations in addition to Board and Senior Management remuneration.	Mr. Abdulla Buhindi	Non-executive/ non-independent, Chairman
		Mr. Shawki Fakhroo	Non-executive/ independent
		Mrs. Mona Al Moayyed	Non-executive/non-independent
		Mr. Jehad Amin	Non-executive/non-independent

Executive Committee
The Group should hold a minimum of eight Executive Committee meetings each year. During the year ended 31 December 2016, nine meetings (2015: nine meetings) of the Executive Committee were held. The following table summarises the information about Committee meetings dates and attendance of directors at each meeting:

Date	Members attended	Members not attended
17 January 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
13 March 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
17 April 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
15 May 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
12 June 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
31 July 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
20 September 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	
16 October 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Committees of Board of Directors (continued)
Executive Committee (continued)

Date	Members attended	Members not attended
13 November 2016	Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	

The total remuneration for the Executive Committee amounted to BD 31,500 (2015: BD 31,500).

Investment and Finance Committee
The Group should hold a minimum of four Investment and Finance Committee meetings each year. During the year ended 31 December 2016, four meetings (2015: four meetings) of the Investment and Finance Committee were held. The following table summarises the information about the Committee meetings dates and attendance of directors at each meeting:

Date	Members attended	Members not attended
15 February 2016	Mr. Abdulla Buhindi Mrs. Mona Almoayyed Mr. Jehad Ameen Mr. Shawki Fakhro Mr. Suhail Hajee	
25 April 2016	Mr. Abdulla Buhindi Mrs. Mona Almoayyed Mr. Jehad Ameen Mr. Shawki Fakhro Mr. Suhail Hajee	
18 October 2016	Mr. Abdulla Buhindi Mrs. Mona Almoayyed Mr. Jehad Ameen Mr. Shawki Fakhro Mr. Suhail Hajee	
28 November 2016	Mr. Abdulla Buhindi Mrs. Mona Almoayyed Mr. Jehad Ameen Mr. Shawki Fakhro Mr. Suhail Hajee	

The total remuneration for the Investment and Finance Committee amounted to BD 21,000 (2015: BD 21,000).

Audit Committee
The Group should hold a minimum of five Audit Committee meetings each year. During the year ended 31 December 2016, five meetings (2015: five meetings) of the Audit Committee were held. The following table summarises the information about the Committee meetings dates and attendance of directors at each meeting:

Date	Members attended	Members not attended
25 January 2016	Mr. Redha Faraj Mr. Abdullah Juma Mr. Mohammed Almoayyed	

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Committees of Board of Directors (continued)
Audit Committee (continued)

Date	Members attended	Members not attended
20 April 2016	Mr. Redha Faraj Mr. Abdullah Juma Mr. Mohammed Almoayyed	
22 June 2016	Mr. Redha Faraj Mr. Abdullah Juma Mr. Mohammed Almoayyed	
24 October 2016	Mr. Redha Faraj Mr. Abdullah Juma Mr. Mohammed Almoayyed	
23 November 2016	Mr. Redha Faraj Mr. Abdullah Juma Mr. Mohammed Almoayyed	

The total remuneration for the Audit Committee amounted to BD 17,500 (2015: BD 15,500).

Remuneration and Nomination Committee
The Group should hold a minimum of two Remuneration and Nomination Committee meetings during each year. During the year ended 31 December 2016, two meetings (2015: two meetings) of the Remuneration and Nomination Committee were held. The following table summarises the information about Committee meetings dates and attendance of directors at each meeting:

Date	Members attended	Members not attended
15 February 2016	Mr. Abdulla Buhindi Mr. Shawki Fakhroo Mr. Jehad Ameen	Mrs. Mona Almoayyed
25 April 2016	Mr. Abdulla Buhindi Mr. Shawki Fakhroo Mrs. Mona Almoayyed Mr. Jehad Ameen	

The total remuneration for the Remuneration and Nomination Committee amounted to BD 8,000 (2015: BD 9,000)

(iii) Corporate Governance
Corporate governance code
The Board and the Group's employees are expected to maintain the highest level of corporate ethics and personal behavior. The Group has established a BMMI Code of Business Conduct ('the Code') which provides an ethical and legal framework for all employees in the conduct of its business. The Code defines how the Group relates to its employees, shareholders and the community in which the Group operates.

34 CORPORATE GOVERNANCE DISCLOSURES (continued)

(iii) Corporate Governance (continued)

Corporate governance code (continued)
The Board of Directors has adopted the Code and a Group's Whistleblower policy to monitor compliance with Group ethics. The Code provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behavior having regard to the best practice corporate governance models. The Code sets out a behavioral framework for all employees in the context of a wide range of ethical and legal issues. The Code is published in the 'Corporate Governance' section of the Company's website.

Changes to the Group's corporate governance guidelines and compliance with the Code of Corporate Governance
During the year, BMMI has revisited its corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code enacted in 2010.

Conflict of interest:
In 2016, a minor conflict of interest has occurred with regard to a Contract Award in February 2016, the latter was dealt with in accordance with the BMMI Corporate Governance Policy to ensure total safeguarding of the Group's interest. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. In this respect, BMMI's Board members usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution. The concerned Board member(s) also refrain from voting in any instances where conflict of interest may arise. The abstention of Board members from voting is also recorded in the minutes of the meeting where the conflict of Interest has occurred.

Evaluation of Board Performance
The Annual General Meeting of the shareholders evaluates on annual basis the Board of Directors' performance and absolves it from liabilities.

Chairman and CEO Performance
The Chairman and CEO Performance are evaluated by the Board of Directors on annual basis.

Means of communication with shareholders and investors
The Group is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the Code of Corporate Governance.

Information is communicated to shareholders through the distribution of the Group's Annual Report and other communications. All releases are posted on the Group's website and released to the shareholders and Bahrain Bourse in a timely manner.

The Company Secretary is responsible for communications with the shareholders and Bahrain Bourse and ensuring that the Company meets its continuous disclosure obligations.

Management of principal risks and uncertainties faced by the Group
The management of principal risks and uncertainties faced by the Group is managed by the Executive Committee and the Board of Directors.

Review of internal control processes and procedures
The review of internal control process and procedures is performed regularly by the Group's internal auditors, which is outsourced, to ensure independence, transparency and efficiency.

35 SOCIAL RESPONSIBILITY

The Group discharges its social responsibilities through corporate donations and sponsorships and Alosra Charity Foundation' expenditure on projects aiming at social sustainable development and relief.