BMMI B.S.C.

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

31 DECEMBER 2018

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

BMMI

Chairman's statement

It gives me great pride to announce BMMI Group's positive results which have been delivered against a backdrop of challenging market conditions. This performance is underscored by key strategic transformations to the geography of our operation; regardless of these changes we succeeded in turning the fog of instability into a clearly defined position we can all be proud of and build upon.

To attain long-term, sustainable growth and stay ahead of the challenges today's ever-changing markets present, our strategic platform is continually reviewed and refined. Combining this with an incisive approach to risk mitigation has led us to further challenge ourselves and our capacity for growth. From changing our processes to transforming our teams, 2018 was a year of inspired proactivity in the relentless delivery of our corporate strategy.

Despite this progressive strategic evolution, we remain committed to our long-term vision and our core brand values. This continues to provide inspiration and guidance while our values encourage the continued development of a shared and valued culture for all our stakeholders, shareholders and employees.

We take our responsibility as an employer and household name in the region and in Kingdom of Bahrain seriously. Through our numerous CSR initiatives, we provide our communities with social and economic support. This continues to be core to our philosophy and we stand committed to sustainable development across the business.

On behalf of the Board of Directors, I would like to take this opportunity to express my earnest 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 leadership, support and encouragement to the Kingdom's private sector.

My gratitude extends 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 would also like to express my appreciation to our shareholders, customers and business partners and my sincere thanks to our management and every single member of staff across our many divisions. It is their perseverance and commitment to exceptional customer service that ensured 2018 was a successful year for BMMI.

2019 brings new challenges, continued economic uncertainty and tough competition across our various markets. Our dedication, strong business foundations and our ability to overcome challenges and hardship makes me optimistic that 2019 will be another successful year for BMMI.

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 2018, and the consolidated statements of income, 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 2018, 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 judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

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

Key audit matters (continued)

1. Impairment of property, plant and equipment 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**
Property, plant and equipment of the Group includes BD 38,630,710, representing 34.6% of the Group's total assets, relating to Downtown Rotana Hotel owned by the Group. The hotel is incurring losses since commencement of its operations in 2016. The management assessed the impairment of property, plant and equipment of the hotel 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 2018. The management involved external valuation expert to assess the recoverable amounts based on fair value less costs to sell. The impairment assessment involves number of significant assumptions, judgements and estimates, therefore we considered this area as a key audit matter.	Our audit procedures included, amongst others: - Evaluating the independent external valuation expert's competence, capabilities and objectivity; - Assessing the appropriateness of the valuation methodologies used by the independent external valuation expert; - Corroborating the key inputs used in the valuation with independently available information; - Checking the arithmetical accuracy of the calculation used in the valuation; and - Evaluating the adequacy of disclosures in the consolidated financial statements.

2. Provision for slow moving and obsolete inventories
Refer to notes 3 and 10 to the consolidated financial statements.

Key audit matter	**How the key audit matter was addressed in the audit**
The Group imports and sells food and other products which have a short life span and expiry period. The Group has gross inventories of BD 12,178,579 as at 31 December 2018. This area was important for the audit as significant judgement is required in assessing the appropriate level of provision for items which may be slow moving and obsolete. Such judgements 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 realisable value of inventory; - reviewing the budget for the next year in order to gain an understanding of the forecast inventory demand and inventories disposal plan for near expiry items; - evaluating the adequacy of provision for slow moving and obsolete inventories as at 31 December 2018; and - Evaluating the adequacy of disclosures in the consolidated financial statements.

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

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

Other information included in the Group's 2018 Annual Report

Other information consists of the information included in the Group's 2018 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Report of the Board of Directors which form part of the Group's 2018 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.

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.

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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)

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

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

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

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

- 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.

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)

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.

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 2018 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

Auditor's Registration No. 115
25 February 2019
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	***2018*** ***BD***	*2017* *BD*
ASSETS			
Non-current assets			
Property, plant and equipment	5	**50,537,209**	52,529,157
Investment properties	6	**9,457,725**	9,262,923
Investments in joint ventures	7	**1,653,435**	2,846,058
Investments	8	**12,208,384**	12,815,618
		73,856,753	77,453,756
Current assets			
Inventories	10	**11,580,851**	10,985,831
Trade and other receivables	11	**20,572,463**	22,350,851
Cash and bank balances	12	**5,566,402**	3,093,958
		37,719,716	36,430,640
TOTAL ASSETS		**111,576,469**	113,884,396
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**14,642,854**	14,642,854
Treasury shares	14	**(1,430,101)**	(2,699,662)
Other reserves	16	**14,178,045**	13,487,496
Retained earnings		**38,868,046**	39,545,852
Equity attributable to shareholders of BMMI B.S.C.		**66,258,844**	64,976,540
Non-controlling interests		**3,262,049**	4,964,692
Total equity		**69,520,893**	69,941,232
Non-current liabilities			
Loans and borrowings	17	**17,290,378**	19,082,611
Employees' end of service benefits	18	**1,724,848**	1,485,138
		19,015,226	20,567,749
Current liabilities			
Trade and other payables	19	**14,460,231**	15,668,572
Loans and borrowings	17	**5,331,442**	5,112,625
Bank overdrafts	12	**2,013,480**	895,452
Retentions payable		**1,175,371**	1,599,956
Income tax payable		**59,826**	98,810
		23,040,350	23,375,415
Total liabilities		**42,055,576**	43,943,164
TOTAL EQUITY AND LIABILITIES		**111,576,469**	113,884,396

Abdulla Hassan Buhindi	Shawki Fakhroo
Chairman	Vice Chairman

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2018

	Note	***2018***	*2017*
		BD	*BD*
Revenue from contracts with customers		**103,873,262**	102,296,732
Costs of revenue	20	**(73,549,874)**	(73,451,285)
GROSS PROFIT		**30,323,388**	28,845,447
Other operating income	21	**2,190,424**	2,284,066
Selling and distribution expenses		**(9,655,248)**	(9,192,255)
General and administrative expenses		**(15,278,552)**	(15,423,983)
PROFIT FROM OPERATIONS		**7,580,012**	6,513,275
Net share of results of joint ventures	7	**79,673**	1,117,577
Net investment income	22	**783,885**	755,441
Finance costs	20	**(1,566,961)**	(1,241,095)
Impairment of goodwill		**-**	(119,528)
Net losses on investments carried at fair value through profit or loss	8	**(96,207)**	(4,613)
PROFIT BEFORE INCOME TAX		**6,780,402**	7,021,057
Income tax expense	23	**(48,434)**	(75,155)
PROFIT OF THE GROUP FOR THE YEAR	20	**6,731,968**	6,945,902
of which loss attributable to non-controlling interests		**1,702,643**	1,663,323
PROFIT OF THE GROUP FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF BMMI B.S.C.		**8,434,611**	8,609,225
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	24	**61**	62

Abdulla Hassan Buhindi
Chairman

Shawki Fakhroo
Vice Chairman

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	*2017*
	BD	*BD*
PROFIT OF THE GROUP FOR THE YEAR	**6,731,968**	6,945,902
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income that is not or may not be reclassified to the consolidated statement of income in subsequent years:		
Net changes in fair value of investments classified as fair value through other comprehensive income	**60,829**	853,138
Other comprehensive loss that is or may be reclassified to the consolidated statement of income in subsequent years:		
Exchange differences on translation of foreign operations	**(1,169,370)**	(292,925)
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**(1,108,541)**	560,213
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR	**5,623,427**	7,506,115
of which loss attributable to non-controlling interests	**1,702,643**	1,663,323
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF BMMI B.S.C.	**7,326,070**	9,169,438

Abdulla Hassan Buhindi
Chairman

Shawki Fakhroo
Vice Chairman

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	**2018 BD**	2017 BD
OPERATING ACTIVITIES			
Profit before income tax		**6,780,402**	7,021,057
Adjustments for:			
Net investment income	22	**(783,885)**	(755,441)
Depreciation	5	**3,157,923**	3,764,296
Net losses on investments carried at fair value through profit or loss	8	**96,207**	4,613
Loss on disposal of property, plant and equipment	20	**135,780**	-
Share of results of joint ventures	7	**(79,673)**	(1,117,577)
Provision for slow moving and obsolete inventories	10	**432,833**	132,702
Allowance for expected credit losses	11	**540,724**	406,282
Provision for employees' end of service benefits	18	**496,155**	269,346
Finance costs	20	**1,566,961**	1,241,095
Impairment of property, plant and equipment of GSS Gabon	5	**-**	1,169,678
Loss on disposal of investments in joint venture		**10,209**	-
Impairment of goodwill		**-**	119,528
Operating profit before working capital changes		**12,353,636**	12,255,579
Working capital changes:			
Inventories		**(1,027,853)**	(686,099)
Trade and other receivables		**1,068,704**	(5,522,525)
Trade and other payables		**(1,479,264)**	2,337,018
Cash generated from operations		**10,915,223**	8,383,973
Income tax paid		**(87,418)**	(18,581)
Directors' remuneration paid		**(139,000)**	(139,000)
Employees' end of service benefits paid	18	**(158,416)**	(352,283)
Net movements in advances against employees' end of service benefits		**(98,029)**	204,327
Net cash flows from operating activities		**10,432,360**	8,078,436
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(1,164,814)**	(2,751,901)
Additions to investment properties	6	**(194,802)**	(427,426)
Dividends received from joint ventures	7	**-**	1,074,679
Additional investment in joint ventures	7	**-**	(7,560)
Proceeds from disposal of investment in joint ventures	7	**430,481**	-
Proceeds from disposal of investments	8	**692,352**	926,185
Proceeds from sale of property, plant and equipment		**17,861**	-
Purchase of investments	8	**(120,496)**	-
Dividends and interest received		**784,198**	1,028,662
Movement in short term deposit with original maturity of more than three months		**-**	35,170
Net cash flows from (used in) investing activities		**444,780**	(122,191)

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2018

	Note	***2018*** ***BD***	*2017* *BD*
FINANCING ACTIVITIES			
Dividends paid to shareholders of BMMI B.S.C.	30	**(6,695,809)**	(6,780,331)
Proceeds from disposal of treasury shares	14	**2,065,860**	-
Loans and borrowings availed	30	**9,597,167**	4,588,492
Loans and borrowings repaid	30	**(11,170,583)**	(2,711,158)
Finance costs paid		**(1,570,602)**	(1,244,736)
Repayment of retentions payable	30	**(424,585)**	(1,180,317)
Cash flows used in financing activities		**(8,198,552)**	(7,328,050)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,678,588**	628,195
Net foreign exchange differences		**(1,324,172)**	(438,935)
Cash and cash equivalents at 1 January		**2,198,506**	2,009,246
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**3,552,922**	2,198,506

Non-cash items

- Dividend and interest income receivable amounting to BD 313 (2017: BD 273,221) have been excluded from the movement of trade and other receivables.
- Unclaimed dividends pertaining to prior years amounting to BD 241,379 (2017: BD 156,857) have been excluded from the movement of trade and other payables.
- Unpaid donations to relating to the Charity Reserve amounting to BD 172,185 (2017: BD 188,368) have been excluded from the movements of trade and other payables.
- An amount of BD 831,606 (2017: nil) which pertain to disposal of investment in joint ventures has been excluded from the movements of trade and other receivables.
- In 2017, there was a transfer of loan to a joint venture amounting to BD 881,148 to investments in joint ventures has been excluded from additional investment in joint ventures.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

		Equity attributable to shareholders of BMMI B.S.C.						
	Note	*Share capital BD*	*Treasury shares BD*	*Other reserves (note 16) BD*	*Retained earnings BD*	*Total BD*	*Non-controlling interests BD*	*Total equity BD*
Balance at 31 December 2017 (as previously reported)		14,642,854	(2,699,662)	13,487,496	39,545,852	64,976,540	4,964,692	69,941,232
Effects of adoption of IFRS 9	2	-	-	-	(1,000,253)	(1,000,253)	-	(1,000,253)
Balance at 1 January 2018 (restated)		14,642,854	(2,699,662)	13,487,496	38,545,599	63,976,287	4,964,692	68,940,979
Profit (loss) for the year		-	-	-	8,434,611	8,434,611	(1,702,643)	6,731,968
Other comprehensive loss for the year		-	-	(1,108,541)	-	(1,108,541)	-	(1,108,541)
Total comprehensive income (loss) for the year		-	-	(1,108,541)	8,434,611	7,326,070	(1,702,643)	5,623,427
Final dividend for 2017	15	-	-	-	(4,162,313)	(4,162,313)	-	(4,162,313)
Interim dividend for 2018	15	-	-	-	(2,774,875)	(2,774,875)	-	(2,774,875)
Net losses on disposal of investments carried at fair value through other comprehensive income		-	-	286,230	(286,230)	-	-	-
Transfer to general reserve	16	-	-	500,000	(500,000)	-	-	-
Transfer to charity reserve		-	-	172,185	(172,185)	-	-	-
Distribution to Alosra Charitable Foundation		-	-	(172,185)	-	(172,185)	-	(172,185)
Treasury shares sold/ transferred	14	-	1,269,561	1,012,860	(216,561)	2,065,860	-	2,065,860
Balance at 31 December 2018		**14,642,854**	**(1,430,101)**	**14,178,045**	**38,868,046**	**66,258,844**	**3,262,049**	**69,520,893**

Retained earnings include non-distributable reserves amounting to BD 405,681 relating to the subsidiaries as at 31 December 2018.

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

		Equity attributable to shareholders of BMMI B.S.C.						
	Note	*Share capital BD*	*Treasury shares BD*	*Other reserves (note 16) BD*	*Retained earnings BD*	*Total BD*	*Non-controlling interests BD*	*Total equity BD*
Balance at 1 January 2017		14,642,854	(2,699,662)	12,271,918	38,717,548	62,932,658	6,628,015	69,560,673
Profit (loss) for the year		-	-	-	8,609,225	8,609,225	(1,663,323)	6,945,902
Other comprehensive income for the year		-	-	560,213	-	560,213	-	560,213
Total comprehensive income (loss) for the year		-	-	560,213	8,609,225	9,169,438	(1,663,323)	7,506,115
Final dividend for 2016	15	-	-	-	(4,162,313)	(4,162,313)	-	(4,162,313)
Interim dividend for 2017	15	-	-	-	(2,774,875)	(2,774,875)	-	(2,774,875)
Net losses on disposal of investments carried at fair value through other comprehensive income		-	-	155,365	(155,365)	-	-	-
Transfer to general reserve	16	-	-	500,000	(500,000)	-	-	-
Transfer to charity reserve	14	-	-	188,368	(188,368)	-	-	-
Distribution to Alosra Charitable Foundation		-	-	(188,368)	-	(188,368)	-	(188,368)
Balance at 31 December 2017		14,642,854	(2,699,662)	13,487,496	39,545,852	64,976,540	4,964,692	69,941,232

Retained earnings include non-distributable reserves amounting to BD 405,681 relating to the subsidiaries as at 31 December 2017.

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 and also owns a five-star hotel. 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 25 February 2019.

The subsidiaries of the Company are as follows:

	Ownership interest			
Names of subsidiaries	***2018***	*2017*	***Country of 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.	**54%**	54%	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.
Mcgettigans Hospitality Management Co W.L.L.	**80%**	-	Kingdom of Bahrain	Hospitality management.
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	Provisioning of catering and housekeeping services.
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:

	Ownership interest			
Names of subsidiaries	***2018***	*2017*	***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	Under liquidation.

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 Board of Directors of GSS International Holding S.P.C. decided to cease the operations and placed GSS Gabon SA under voluntarily liquidation effective 1 October 2017 and the liquidation process has not been completed at the date of issue of the consolidated financial statements.

The Group's joint ventures are as follows:

	Ownership interest		***Country of incorporation***	***Principal activities***
Name of joint ventures	***2018***	*2017*		
B & B Logistics W.L.L.	**50%**	50%	Kingdom of Bahrain	Constructing and operating warehouses.
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.
Inchcape Shipping Services W.L.L.*	**50%**	50%	Kingdom of Bahrain	Rendering of shipping services. (under liquidation).
Qatar & Bahrain International Company W.L.L.**	-	50%	State of Qatar	Managing various consumer agencies.
Zad Marketing & Distribution W.L.L. **	-	50%	State of Qatar	Food and household goods wholesale and distribution.

* The Board of Directors of Inchcape Shipping Services W.L.L. decided to cease the operations and placed Inchcape Shipping Services W.L.L. under voluntarily liquidation effective 3 September 2018.

** On 15 July 2018, BMMI disposed off its investment in Qatar & Bahrain International Company W.L.L. and Zad Marketing & Distribution W.L.L.

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 (IFRSs), as issued by the International Accounting Standards Board (IASB), and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse.

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. 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 2018

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 2018. The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective.

The Group applied, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The Group had early adopted IFRS 9 with respect to classification of financial instruments. During the period, the Group also adopted other requirements of IFRS 9 on the initial date of application. The nature and effect of the changes as a results of adoption of new standards are disclosed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for 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.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the modified retrospective approach with no restatement of financial information presented for 2017 (i.e. the financial information for 2017 is presented, as previously reported under IAS 18, IAS 11 and related interpretations). IFRS 15 did not have a significant impact on the Group’s accounting policies with respect its all revenue streams, therefore, there is no adjustment made in the retained earnings related to adoption of IFRS 15 as of 1 January 2018.

IFRS 9 Financial Instruments

The Group had early adopted International Financial Reporting Standard 9 (IFRS 9) Financial Instruments with respect to classification of financial instruments. During the year, the Group also adopted other requirements of IFRS 9 as of 1 January 2018. The key changes to the Group's accounting policies resulting from current period adoption are summarized below:

i) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model with a forward looking 'expected credit loss' model (“ECL”). The allowance is based on the ECLs associated with the probability of default over the life of the asset. Under IFRS 9, credit losses are recognised earlier than under the previous standard.

ii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except the comparative information has not been restated. The difference in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2018 (continued)
IFRS 9 Financial Instruments (continued)
iii) Reconciliation of carrying amounts as at 31 December 2017 and 1 January 2018

The following table reconciles the carrying amounts as of 31 December 2017 to the carrying values determined by applying IFRS 9 on 1 January 2018:

	Carrying value as at 31 December 2017 BD	*Allowance for expected credit losses (ECL) BD*	*Carrying value as at 1 January 2018 BD*
Financial assets at amortised cost			
Trade and other receivables	**22,350,851**	**(1,000,253)**	**21,350,598**
Cash and bank balances	**3,093,958**	**-**	**3,093,958**
	25,444,809	**(1,000,253)**	**24,444,556**

iv) Impact on retained earnings

	Retained earnings BD
As at 31 December 2017 as previously reported	**39,545,852**
Recognition of allowance for expected credit losses under IFRS 9 (note 6)	**(1,000,253)**
Restated opening balance as at 1 January 2018	**38,545,599**

v) Reconciliation of allowance recorded as at 31 December 2017 and 1 January 2018

The following table reconciles the previously recorded allowance as at 31 December 2017 to the revised allowance as of 1 January 2018 on adoption of IFRS 9:

	As at 31 December 2017 BD	*Transition adjustment BD*	*As at 1 January 2018 BD*
Allowance for impairment/ allowance for expected credit losses relating to:			
Trade and other receivables	**1,056,972**	**1,000,253**	**2,057,225**

IAS 40 Investment Property (Amendments): Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2018 (continued)
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Several other new standards and interpretations and amendments to standards and interpretations applied for the first time in 2018. However, they did not impact the consolidated financial statements of the Group.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs include those expenses incurred in bringing each product to its present location and condition and is determined on a first-in, first-out basis with the exception of goods 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.

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

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

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

Investment properties
Properties held for either rental income or capital appreciation or both purposes are classified as investment properties. 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The Group's investments in joint ventures are accounted for using the equity method.

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

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

The aggregate of the Group's share of results of 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 joint venture.

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

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

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)
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 and bank balances
Cash and bank balances included in the consolidated statement of financial position comprise of cash in hand and bank balances, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Financial instruments - 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, measurement and subsequent measurement
Initial recognition and measurement
Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient which are measured at the transaction price determined under IFRS 15, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition and measurement (continued)
Financial assets (continued)
Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

Debt instruments that do not meet the 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 fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income.

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

A financial asset is held-for-trading if:

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

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

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

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

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

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

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

On derecognition of a financial asset that is classified as FVOCI, the cumulative gain or loss previously accumulated in 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 - recognition and measurement (continued)
Financial assets (continued)

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all non-listed debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IFRS 9 are initially classified as financial liabilities at amortised cost and measured at fair value net of transaction 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 amortised cost using the EIR.

Financial liabilities at amortised cost
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.

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 - recognition and measurement (continued)
Financial liabilities (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 by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
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.

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
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 income.

Revenue from contracts with customers
The Group is in the business of wholesale and retail of food, beverages and other consumable items and also provides logistics and shipping services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Sale of goods (continued)

Prior to adoption of IFRS 15, 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.

Room revenue

Room revenue from hotel operations represents total amounts charged to customers and guests during the period including service charges net of the portion applicable to employees as and where applicable, plus unbilled guests ledger at the end of the reporting period. Revenue from hotel operations is stated net of rebates and other allowances. These services are sold either separately or bundled together with the sale of food and beverages to a customer. Under IFRS 15, the Group concluded that room revenue from hotel operations will continue to be recognised over time, commensurate with the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the food and beverages will continue to be recognised at a point in time, upon delivery of the food and beverages.

Rendering of services

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

Under IFRS 15, the Group concluded that revenue for rendering of services will continue to be recognised over time using relevant input methods, which commensurate with the previous accounting policy.

Variable consideration

Certain contracts for the sale of goods provide customers with right of return, volume rebates, display (gandola) and listing fees. Under IFRS 15, rights of return, volume rebates, display (gandola) and listing fees give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Group presents a refund liability and an asset for the right to recover products from a customer within trade and other payables and inventories, respectively.

Prior to adoption of IFRS 15, the amount of revenue related to the expected returns was deferred and recognised in the consolidated statement of financial position within trade and other payables with a corresponding adjustment to cost of revenue. The initial carrying amount of goods expected to be returned was included within inventories.

Volume rebates

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Variable consideration (continued)

Volume rebates (continued)

Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration. Upon adoption of IFRS 15, the Group recognised "contract liabilities" for the expected future rebates and disclosed under trade and other payables.

Under IFRS 15, display (gandola) and listing fees give rise to variable consideration which are estimated by using 'most likely amount method' for contracts. The selected method that best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration. Upon adoption of IFRS 15, the Group recognised "Contract liabilities" for expected future display fees and disclosed under trade and other payables.

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

Provisions

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

Cash dividend to shareholders of the Company

The Company recognises a liability to make cash distributions to shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. 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 functional and presentational currency of the Group. 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 comprehensive income or the consolidated statement of income is also recognised in the consolidated statement of comprehensive income or the consolidated statement of income, respectively).

Group companies

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

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)

Revenue from contracts with customers

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

Determining the timing of revenue from room services and shipping services

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

Determining method to estimate variable consideration and assessing the constraint

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

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

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

Classification of 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.

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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Leases (continued)

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 they occur.

Impairment of property, plant and equipment

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

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the assets or CGU. The Board of Directors do not believe there is any impairment in the value of property, plant and equipment as at 31 December 2018. During the year ended 31 December 2017, 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 119,528.

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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Impairment of investments in joint ventures

The management determines whether it is necessary to recognise an impairment loss on the Group's investments in its joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in 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 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 joint ventures as at 31 December 2018 and 31 December 2017.

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 11,388,526 (2017: BD 10,764,817) with a provision for slow moving and obsolete inventories of BD 597,728 (2017: BD 466,100). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

Provision for expected credit losses of trade receivables

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

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

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

Provision for expected credit losses of trade receivables (continued)

At the reporting date, gross trade receivables were BD 13,325,232 (2017: BD 14,006,759), with an allowance for expected credit losses of BD 2,363,690 (2017: allowance for impairment under IAS 39 BD 1,056,972). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Estimating variable consideration for returns and volume rebates

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

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

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

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

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

Taxes

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

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

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.

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. The Group plan to apply the standard using modified retrospective approach.

Based on the impact assessment and information currently available, the Group estimates that it will recognise right-of-use asset and lease liabilities of BD 5,652,970 as at 1 January 2019 and impact on the consolidated statements of income would not likely to be significant. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the existing loan covenants.

IAS 28 Investment in Associates and Joint Ventures (Amendments): Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

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

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization (continued)
An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of 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 a 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. The Group will apply these amendments when they become effective.

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

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	*Buildings BD*	*Plant and equipment BD*	*Motor vehicles BD*	*Capital work-in-progress BD*	*Total BD*
Cost:						
At 1 January 2018	7,015,104	47,087,478	13,824,906	1,939,322	592,286	70,459,096
Additions	-	1,009	108,792	33,457	1,021,556	1,164,814
Transfers	-	-	959,236	157,056	(1,116,292)	-
Disposals	-	(156,356)	(1,220)	(8,315)	-	(165,891)
Exchange adjustments	-	74,682	236,343	10,245	-	321,270
At 31 December 2018	7,015,104	47,006,813	15,128,057	2,131,765	497,550	71,779,289
Depreciation:						
At 1 January 2018	-	7,458,355	8,822,414	1,649,170	-	17,929,939
Charged during the year	-	1,353,062	1,659,383	145,478	-	3,157,923
Relating to disposals	-	(9,076)	(739)	(2,435)	-	(12,250)
Exchange adjustments	-	29,343	126,914	10,211	-	166,468
At 31 December 2018	-	8,831,684	10,607,972	1,802,424	-	21,242,080
Net carrying values:						
At 31 December 2018	**7,015,104**	**38,175,129**	**4,520,085**	**329,341**	**497,550**	**50,537,209**

	Freehold land BD	*Buildings BD*	*Plant and equipment BD*	*Motor vehicles BD*	*Capital work-in-progress BD*	*Total BD*
Cost:						
At 1 January 2017	6,174,332	47,667,583	13,204,103	2,101,581	1,763,420	70,911,019
Additions	516,426	5,000	1,916,324	-	314,151	2,751,901
Transfers	324,346	-	1,088,945	71,994	(1,485,285)	-
Impairment of assets of GSS Gabon SA	-	(674,643)	(1,940,913)	(228,864)	-	(2,844,420)
Disposals	-	-	(666,908)	-	-	(666,908)
Exchange adjustments	-	89,538	223,355	(5,389)	-	307,504
At 31 December 2017	7,015,104	47,087,478	13,824,906	1,939,322	592,286	70,459,096
Depreciation:						
At 1 January 2017	-	6,229,003	8,356,997	1,759,799	-	16,345,799
Charged during the year	-	1,487,093	2,189,556	87,647	-	3,764,296
Relating to impairment	-	(289,440)	(1,175,581)	(209,721)	-	(1,674,742)
Relating to disposals	-	-	(666,908)	-	-	(666,908)
Exchange adjustments	-	31,699	118,350	11,445	-	161,494
At 31 December 2017	-	7,458,355	8,822,414	1,649,170	-	17,929,939
Net carrying values:						
At 31 December 2017	7,015,104	39,629,123	5,002,492	290,152	592,286	52,529,157

The management performed an impairment test of property, plant and equipment of the hotel owned by the Group as at 31 December 2018 which indicate that no impairment loss is required to be recognised as at 31 December 2018 and as at 31 December 2017.

During the year ended 31 December 2017, the Group recognised impairment of property, plant and equipment of GSS Gabon SA on ceasation of its operations.

Certain of the Group's property, plant and equipment with a carrying value of BD 38,630,710 (2017: BD 40,630,847) are mortgaged as a security against loans and borrowings, refer to note 17.

5 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2018	*2017*
	BD	*BD*
Costs of revenue (note 20)	**3,839**	204,156
Selling and distribution expenses	**210,389**	224,518
General and administrative expenses	**2,943,695**	3,335,622
	3,157,923	3,764,296

6 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 2018 and as at 31 December 2017.

	Buildings on freehold land BD
At 1 January 2017	8,835,497
Additions	427,426
At 31 December 2017	9,262,923
Additions	**194,802**
At 31 December 2018	**9,457,725**

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.

	2018	*2017*
	BD	*BD*
Rental income derived from investment properties	**694,000**	632,360

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 9.

7 INVESTMENTS IN JOINT VENTURES

The movements in the carrying values of investments in joint ventures are as follows:

	2018 BD	*2017 BD*
At 1 January	**2,846,058**	1,914,452
Share of results for the year	**79,673**	1,117,577
Disposal during the year	**(1,272,296)**	-
Additional investment	**-**	7,560
Transfer of loan to a joint venture (i)	**-**	881,148
Dividends received during the year	**-**	(1,074,679)
At 31 December	**1,653,435**	2,846,058

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

Joint ventures' summarised statements of financial position:	***2018 BD***	*2017 BD*
Current assets; including cash and cash equivalents of BD 254,825 (2017: BD 1,154,518)	**773,696**	5,113,613
Non-current assets	**5,832,639**	3,120,673
Current liabilities	**(799,961)**	(2,542,170)
Non-current liabilities	**(2,499,505)**	-
Equity	**3,306,869**	5,692,116
Proportion of the Group' ownership	**50%**	50%
Carrying value of investments in joint ventures as at 31 December	**1,653,435**	2,846,058

Summarised statements of comprehensive income:	***2018 BD***	*2017 BD*
Revenue from contracts with customers	**3,889,504**	8,871,188
Costs of revenue	**(2,750,863)**	(5,134,456)
General and administrative expenses	**(511,106)**	(524,436)
Depreciation expenses	**(252,263)**	(248,717)
Selling and distribution expenses	**(215,926)**	(728,426)
Profit for the year	**159,346**	2,235,153
Proportion of the Group' ownership	**50%**	50%
Group's share of results for the year	**79,673**	1,117,577

The joint ventures had no material contingent liabilities or capital commitments as at 31 December 2018 and 31 December 2017. The joint ventures cannot distribute its profits until they obtain 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 2018.

8 INVESTMENTS

	2018 BD	2017 BD
Fair value through other comprehensive income - quoted investments	**7,767,145**	8,474,847
Fair value through other comprehensive income - unquoted investments	**2,081,467**	1,884,792
Fair value through profit or loss - quoted investments	**2,359,772**	2,455,979
	12,208,384	12,815,618

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, using of recent arm's length market transactions, current fair value of another similar instrument or other appropriate valuation techniques.

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

	2018 BD	2017 BD
At 1 January	**12,815,618**	12,893,278
Purchase during the year	**120,496**	-
Disposed during the year	**(692,352)**	(926,185)
Changes in fair value for the year	**60,829**	853,138
Net losses on investments at FVTPL	**(96,207)**	(4,613)
At 31 December	**12,208,384**	12,815,618

9 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 2018	***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 6)					
- Buildings	31 Dec 2018	-	-	**9,457,725**	**9,457,725**
Investments (note 8)					
Fair value through other comprehensive income					
- quoted investments	31 Dec 2018	**7,767,145**	-	-	**7,767,145**
- unquoted investments	31 Dec 2018	-	-	**2,081,467**	**2,081,467**
Fair value through profit or loss					
- quoted investments	31 Dec 2018	**2,359,772**	-	-	**2,359,772**
		10,126,917	-	**2,081,467**	**12,208,384**
		10,126,917	-	**11,539,192**	**21,666,109**

9 FAIR VALUE HIERARCHY (continued)

Liabilities measured at fair value:
There were no liabilities measured at fair value as of 31 December 2018.

31 December 2017	*Date of valuation*	*Fair value measurement using* 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 6)					
- Buildings	31 Dec 2017	-	-	9,262,923	9,262,923
Investments (note 8)					
Fair value through other comprehensive income					
- quoted investments	31 Dec 2017	8,474,847	-	-	8,474,847
- unquoted investments	31 Dec 2017	-	-	1,884,792	1,884,792
Fair value through profit or loss					
- quoted investments	31 Dec 2017	2,455,979	-	-	2,455,979
		10,930,826	-	1,884,792	12,815,618
		10,930,826	-	11,147,715	22,078,541

Liabilities measured at fair value:
There were no liabilities measured at fair value as of 31 December 2018.

During the reporting years ended 31 December 2018 and 31 December 2017, 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 6.

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 movements 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 2018	**9,262,923**	**1,884,792**	**11,147,715**
Additions during the year	**194,802**	-	**194,802**
Changes in fair values	-	**196,675**	**196,675**
31 December 2018	**9,457,725**	**2,081,467**	**11,539,192**

	Non-financial assets BD	*Financial assets BD*	*Total BD*
1 January 2017	8,835,497	1,920,906	10,756,403
Additions during the year	427,426	-	427,426
Changes in fair values	-	(36,114)	(36,114)
31 December 2017	9,262,923	1,884,792	11,147,715

10 INVENTORIES

	2018 BD	2017 BD
Goods held for sale	**8,961,090**	8,740,202
Goods held for sale - retail	**2,412,805**	2,024,615
Goods-in-transit	**792,053**	687,114
Right of return assets	**12,631**	-
	12,178,579	11,451,931
Provision for slow moving and obsolete inventories	**(597,728)**	(466,100)
	11,580,851	10,985,831

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

	2018 BD	2017 BD
At 1 January	**466,100**	532,317
Provided during the year	**432,833**	132,702
Written off during the year	**(301,205)**	(198,919)
At 31 December	**597,728**	466,100

11 TRADE AND OTHER RECEIVABLES

	2018 BD	2017 BD
Trade receivables [net of allowance for expected credit losses BD 2,363,690 (2017: BD 1,056,972)]	**10,961,542**	12,949,787
Other receivables	**6,255,081**	5,646,937
Prepayments	**1,208,074**	1,101,500
Advances to suppliers	**1,854,240**	2,097,157
Due from related parties (note 25)	**293,526**	555,470
	20,572,463	22,350,851

Trade receivables include an amount of BD 40,198 (2017: BD 205,720) due from related parties (refer to note 25).

Trade receivables amounting to BD 439,923 (2017: BD 400,458) are secured against loans and borrowings, refer to note 17.

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

- Trade receivables are non-interest bearing and are generally settled on 30 - 90 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 related parties, refer to note 25.

The movements in the allowance for expected credit loss in respect of trade receivables during the year are as follows. Comparative amounts for 2017 represent the allowance for impairment of trade receivables determined under IAS 39.

	2018 BD	2017 BD
At 1 January	**1,056,972**	2,001,786
IFRS - 9 transition adjustment (note 2)	**1,000,253**	-
Charge for the year	**540,724**	406,282
Written off during the year	**(234,259)**	(1,351,096)
At 31 December	**2,363,690**	1,056,972

11 TRADE AND OTHER RECEIVABLES (continued)

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

			Past due			
	Total *BD*	*Current* *BD*	*Less than 30 days* *BD*	*30 to 90 days* *BD*	*91 to 120 days* *BD*	*More than 120 days* *BD*
Gross trade receivables	**13,325,232**	**4,096,162**	**1,710,963**	**3,528,694**	**1,472,781**	**2,516,632**
Expected credit loss	**(2,363,690)**	**(25,421)**	**(26,470)**	**(54,308)**	**(7,762)**	**(2,249,729)**
At 31 December 2018	**10,961,542**	**4,070,741**	**1,684,493**	**3,474,386**	**1,465,019**	**266,903**
2017	12,949,787	5,164,741	3,120,308	2,741,752	844,399	1,078,587

12 CASH AND CASH EQUIVALENTS

	2018 ***BD***	*2017* *BD*
Cash in hand	**133,464**	184,870
Cash at banks	**5,432,938**	2,909,088
	5,566,402	3,093,958
Bank overdrafts	**(2,013,480)**	(895,452)
Cash and cash equivalents	**3,552,922**	2,198,506

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

13 SHARE CAPITAL

	2018 ***BD***	*2017* *BD*
Authorised:		
200,000,000 (2017: 200,000,000) shares of 100 fils each	**20,000,000**	20,000,000
Issued, subscribed and fully paid-up:		
146,428,549 (2017: 146,428,549) shares of 100 fils each	**14,642,854**	14,642,854

14 TREASURY SHARES

Treasury shares represent the purchase by the Group of its own shares. The Group held 4,067,817 shares (2017: 7,684,799 shares) as at 31 December 2018.

	2018	*2017*
Number of treasury shares	**4,067,817**	7,684,799
Treasury shares as a percentage of total shares in issue (a)	**2.8%**	5.2%
Cost of treasury shares (BD / share)	**0.351**	0.351
Market price of treasury shares (BD / share)	**0.765**	0.700
Market value of treasury shares (BD)	**3,111,880**	5,379,359

14 TREASURY SHARES (continued)

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

	2018	*2017*
At 1 January	**7,684,799**	7,684,799
Treasury shares sold/ transferred (a)	**(3,616,982)**	-
At 31 December	**4,067,817**	7,684,799

(a) The Company transferred 616,982 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 216,561 in the year ended 31 December 2018 to reflect this transfer. There was no such adjustment in the previous year.

In addition to above, during the year ended 31 December 2018, the Company sold 3,000,000 treasury shares for BD 2,065,860. The cost of treasury shares was BD 1,053,000 and surplus on sales was of BD 1,012,860 which was recognised as share premium in the statement of changes in equity.

15 DIVIDEND PAID AND PROPOSED

The Board of Directors has proposed a total cash dividend of 50 fils per share (excluding treasury shares), totaling BD 7,045,697 (2017: 50 fils per share totaling BD 6,937,188) for the year ended 31 December 2018 of which 20 fils per share totaling BD 2,774,875 (2017: 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 4,270,822 (2017: 30 fils per share totaling BD 4,162,313).

The Board of Directors has also proposed Directors' remuneration of BD 128,500 (2017: BD 139,000).

The Board of Directors has also proposed a transfer of BD 168,692 (2017: BD 172,185) to the charity reserve and a transfer of BD 500,000 (2017: BD 500,000) to the general reserve.

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.

16 OTHER RESERVES

	Statutory reserve BD	*Share premium BD*	*Investment revaluation reserve BD*	*Charity reserve BD*	*General reserve BD*	*Foreign currency translation reserve BD*	*Total BD*
As at 1 January 2018	7,321,427	-	1,118,156	-	7,000,000	(1,952,087)	13,487,496
Other comprehensive income (loss)	-	-	60,829	-	-	(1,169,370)	(1,108,541)
Net losses on disposal of investments carried at fair value through other comprehensive	-	-	286,230	-	-	-	286,230
Treasury shares sold/ transferred	-	1,012,860	-	-	-	-	1,012,860
Transfer to general reserve	-	-	-	-	500,000	-	500,000
Transfer to charity reserve	-	-	-	172,185	-	-	172,185
Distribution to Alosra Charitable Foundation [refer note 16 (b)]	-	-	-	(172,185)	-	-	(172,185)
At 31 December 2018	**7,321,427**	**1,012,860**	**1,465,215**	**-**	**7,500,000**	**(3,121,457)**	**14,178,045**

	Statutory reserve BD	*Share premium BD*	*Investment revaluation reserve BD*	*Charity reserve BD*	*General reserve BD*	*Foreign currency translation reserve BD*	*Total BD*
As at 1 January 2017	7,321,427	-	109,653	-	6,500,000	(1,659,162)	12,271,918
Other comprehensive income (loss)	-	-	853,138	-	-	(292,925)	560,213
Net losses on disposal of investments carried at fair value through other comprehensive	-	- -	155,365	-	-	-	155,365
Transfer to general reserve	-	-	-	-	500,000	-	500,000
Transfer to charity reserve	-	-	-	188,368	-	-	188,368
Distribution to Alosra Charitable Foundation [refer note 16 (b)]	-	- -	-	(188,368)	-	-	(188,368)
At 31 December 2017	7,321,427	-	1,118,156	-	7,000,000	(1,952,087)	13,487,496

16 OTHER RESERVES (continued)

a) Statutory reserve

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 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. The shareholders have resolved to discontinue the transfer of profit to statutory reserve as the reserve equal to 50% of the 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 168,692 (2017: BD 172,185) to the charity reserve in the current year. This is subject to approval by the shareholders at the Annual General Meeting.

c) Share premium

The share premium arose on the disposal of treasury shares in 2018 and is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law.

d) General reserve

In accordance with the Company's articles of association and the recommendation of the Board of Directors, specific amounts are transferred to the general reserve. The Board of Directors has proposed a transfer of BD 500,000 (2017: BD 500,000) to the general reserve in the current year. This is subject to approval by the shareholders at the Annual General Meeting.

e) Investment revaluation reserve

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

f) 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.

17 LOANS AND BORROWINGS

	2018	*2017*
	BD	*BD*
Term loan (a)	**19,526,278**	21,356,342
Short term loan (b)	**3,095,542**	2,838,894
	22,621,820	24,195,236
Non-current	**17,290,378**	19,082,611
Current	**5,331,442**	5,112,625
	22,621,820	24,195,236

17 LOANS AND BORROWINGS (continued)

(a) This represents term loan facility obtained by Banader Hotels Company B.S.C. of BD 25,000,000 from a commercial bank to finance the settlement of a Murabaha facility, fund the construction of the hotel and the hotel's pre-operating expenses until the soft opening of the hotel, and fund the repayment of retention to the contractors.

The loan carries interest rates varying from 2.2% to 2.45% plus the BIBOR or T-bills rate (2017: 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 credit facilities obtained from commercial banks in the Kingdom of Bahrain to finance procurement of goods for sale. The facilities carries interest at 3 months BHIBOR plus 1.75% (2017: BHIBOR plus 1.75%) per annum with tenor up to 30 days.

18 EMPLOYEES' END OF SERVICE BENEFITS

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

	2018	*2017*
	BD	*BD*
At 1 January	**1,774,466**	1,857,403
Provided during the year (note 20)	**496,155**	269,346
End of service benefits paid	**(158,416)**	(352,283)
Provision as at 31 December	**2,112,205**	1,774,466
Advances paid to employees	**(387,357)**	(289,328)
Net provision as at 31 December	**1,724,848**	1,485,138

19 TRADE AND OTHER PAYABLES

	2018	*2017*
	BD	*BD*
Trade payables	**8,845,157**	9,841,313
Accrued expenses	**2,985,149**	4,045,328
Other payables	**1,589,223**	1,000,551
Unclaimed dividends	**1,022,759**	781,380
Contract and refund liability	**17,943**	-
	14,460,231	15,668,572

Trade payables included amounts of BD 109,458 due to related parties as of 31 December 2018 (2017: BD 403,608), refer to note 25.

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 25.

20 PROFIT OF THE GROUP FOR THE YEAR

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

	2018	*2017*
	BD	*BD*
Staff costs		
Short term benefits	**16,488,545**	16,240,095
Contributions to the Social Insurance Organisation (SIO)	**626,512**	614,050
End of service benefits (note 18)	**496,155**	269,346
	17,611,212	17,123,491

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

	2018	*2017*
	BD	*BD*
Costs of revenue	**5,361,450**	6,653,482
Selling and distribution expenses	**6,553,699**	6,203,655
General and administrative expenses	**5,696,063**	4,266,354
	17,611,212	17,123,491

	2018	*2017*
	BD	*BD*
Finance costs		
Interest on term loan	**1,266,933**	1,019,071
Interest on short-term loan and bank overdrafts	**205,304**	166,900
Bank charges	**94,724**	55,124
	1,566,961	1,241,095

	2018	*2017*
	BD	*BD*
Rental charges - operating leases	**1,346,895**	1,265,586
Foreign exchange (loss) gains, net	**(333,359)**	730,502
Loss on disposal of property, plant and equipment	**135,780**	-

	2018	*2017*
	BD	*BD*
Costs of revenue comprise of:		
Inventories recognised as expense upon sale of finished goods	**58,236,818**	56,828,876
Consumption cost	**6,492,761**	6,459,313
Staff costs	**5,361,450**	6,653,482
Other direct costs	**3,291,976**	3,202,226
Warehouse rent	**163,030**	103,232
Depreciation (note 5)	**3,839**	204,156
	73,549,874	73,451,285

21 OTHER OPERATING INCOME

	2018	*2017*
	BD	*BD*
Rental income	**949,463**	913,715
Display income and rebates	**878,588**	786,974
Logistics income	**141,220**	130,175
Miscellaneous income	**221,153**	295,848
Insurance claim	**-**	157,354
	2,190,424	2,284,066

22 NET INVESTMENT INCOME

	2018	*2017*
	BD	*BD*
Dividend income	**519,993**	474,964
Interest income on investments held at FVTPL	**131,492**	136,643
Interest income	**132,400**	143,834
	783,885	755,441

23 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2018 and 31 December 2017 are:

	2018	*2017*
	BD	*BD*
Current income tax expense	**48,434**	75,155

The Group's tax charge arises in Gabonese Republic, Republic of South Sudan, Republic of Sudan and Republic of Ghana.

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.

24 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.

24 EARNINGS PER SHARE (continued)

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

	2018 ***BD***	*2017* *BD*
Profit for the year attributable to the ordinary shareholders of BMMI B.S.C.	**8,434,611**	8,609,225
Weighted average number of shares, net of treasury shares	**139,397,995**	138,743,750
Basic and diluted earnings per share (fils)	**61**	62

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.

25 RELATED PARTY DISCLOSURES

Related parties represent the 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:

	2018			*2017*		
	Revenue ***BD***	***Costs of revenue*** ***BD***	***Expenses*** ***BD***	*Revenue* *BD*	*Costs of revenue* *BD*	*Expenses* *BD*
Other related parties	**346,711**	**-**	**1,157,897**	302,335	-	1,441,696
Joint ventures	-	-	-	-	679,633	-
	346,711	**-**	**1,157,897**	302,335	679,633	1,441,696

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

	As of 31 December 2018		
	Trade receivables ***BD***	***Due from*** ***BD***	***Trade and other payables*** ***BD***
Joint ventures	**13,497**	**293,526**	**-**
Other related parties	**26,701**	**-**	**109,458**
	40,198	**293,526**	**109,458**

25 RELATED PARTY DISCLOSURES (continued)

	As of 31 December 2017		
	Trade receivables BD	*Due from BD*	*Trade and other payables BD*
Joint ventures	148,988	555,470	273,305
Other related parties	56,732	-	130,303
	205,720	555,470	403,608

Terms and conditions of balances with related parties except loans to a joint venture

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash except for loans given to a joint venture (refer note 6). There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2018 and 31 December 2017, 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.

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:

	2018	*2017*
	BD	*BD*
Board of Directors' remuneration	**139,000**	139,000
Board of Directors' meetings attendance fee	**85,000**	101,000
Key management personnel		
Short-term benefits	**625,421**	602,822
Employees’ end of service benefits	**41,205**	27,972
	666,626	630,794
	890,626	870,794

26 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 2,766,974 (2017: BD 1,177,215) as at 31 December 2018, 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 615 thousand and issue 616,982 shares to the Plaintiff.

During the year ended 31 December 2018, the Company transferred 616,982 shares out of treasury shares to the Plaintiff and paid dividends of BD 615 thousand.

The Group is also involved in certain other pending legal cases as of 31 December 2018 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 2018 and 31 December 2017.

26 COMMITMENTS AND CONTINGENCIES (continued)

Capital commitments
As of 31 December 2018, there are no future capital expenditure commitments (2017: BD 33,568).

Commitments relating to confirmed purchase orders at the reporting date amounted to BD 2,766,974 (2017: BD 2,796,564).

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

	2018 BD	*2017 BD*
Within one year	**1,036,663**	794,159
After one year but not more than five years	**2,341,769**	2,222,703
More than five years	**1,244,428**	1,198,411
Aggregate operating lease expenditure contracted for at the reporting date	**4,622,860**	4,215,273

The future minimum rentals payable above include BD 462,024 (2017: BD 819,060) which represents the extended lease agreement to manage Najibi Centre up to 31 May 2019 and BD 1,252,440 (2017: BD 1,432,340) to manage Amwaj Centre up to 31 March 2023.

27 MATERIAL PARTLY-OWNED SUBSIDIARY

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

	Country of incorporation	***2018***	*2017*
Ownership interest held by non-controlling interests Banader Hotels Company B.S.C. ("Banader")	Kingdom of Bahrain	**46.09%**	46.09%

	2018 BD	*2017 BD*
Accumulated balances of material non-controlling interests	**4,964,692**	4,964,692
Loss allocated to material non-controlling interests	**(1,693,170)**	(1,805,967)

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

	2018 BD	*2017 BD*
Summarised statement of comprehensive income:		
Revenue from contract with customers	**3,106,725**	3,033,611
Costs of revenue	**(1,350,574)**	(1,548,268)
General and administrative expenses	**(2,929,890)**	(2,994,992)
Finance costs	**(1,646,116)**	(1,226,695)
Selling and distribution expenses	**(853,761)**	(872,514)
Loss for the year and total comprehensive loss	**(3,673,616)**	(3,608,858)
Attributable to non-controlling interests	**(1,693,170)**	(1,663,323)

27 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2018	2017
	BD	BD
Summarised statement of financial position:		
Property, plant and equipment (non-current)	**38,630,710**	40,630,847
Inventories (current)	**60,428**	61,514
Trade and other receivables (current)	**439,923**	400,458
Cash, bank balances and short term deposits (current)	**723,114**	225,000
Employees' end of service benefits (non-current)	**(86,524)**	(60,867)
Amount due to a related party (non-current)	**(11,502,997)**	(7,001,254)
Loans and borrowings (non-current)	**(17,290,378)**	(19,082,611)
Loans and borrowings (current)	**(2,235,900)**	(2,273,731)
Trade and other payable (current)	**(464,888)**	(527,666)
Retentions payables (current)	**(1,175,371)**	(1,599,956)
Equity	**7,098,117**	10,771,734
Attributable to non-controlling interest	**3,271,522**	4,964,692

	2018	2017
	BD	BD
Summarised statement of cash flows information:		
Net cash flows used in operating activities	**(505,708)**	(1,709,803)
Net cash flows used in investing activities	**(21,741)**	(329,400)
Net cash flows from financing activities	**1,025,563**	1,766,541
Net increase (decrease) in cash and cash equivalents	**498,114**	(272,662)

28 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 four 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.

28 OPERATING SEGMENTS (continued)

Geographic information

Revenue from external customers	***2018*** ***BD***	*2017* *BD*
Kingdom of Bahrain	**92,612,302**	86,629,583
Other GCC and Arab countries	**2,618,688**	2,309,357
Other foreign countries - Africa	**8,642,272**	13,357,792
Total revenue as per the consolidated statement of income	**103,873,262**	102,296,732

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*	
	2018	*2017*	***2018***	*2017*
	BD	*BD*	***BD***	*BD*
Kingdom of Bahrain	**103,642,476**	103,261,663	**38,332,866**	38,194,377
Other GCC and Arab countries	**2,339,711**	2,202,255	**458,436**	305,769
Other foreign countries - Africa	**5,594,282**	8,420,478	**3,264,274**	5,443,018
Total	**111,576,469**	113,884,396	**42,055,576**	43,943,164

28 OPERATING SEGMENTS (continued)

	Contract services and supply		*Wholesales segment*		*Retail segment*		*Hospitality*		*Investment, Shipping and other activities*		*Adjustments and eliminations*		*Total*	
	2018 BD	*2017 BD*	***2018 BD***	*2017 BD*	***2018 BD***	*2017 BD*	***2018 BD***	*2017 BD*	***2018 BD***	*2017 BD*	***2018 BD***	*2017 BD*	***2018 BD***	*2017 BD*
Revenue - external customers	**12,482,806**	16,925,622	**47,188,211**	44,248,028	**37,761,353**	36,529,733	**4,068,740**	4,288,856	**2,372,152**	304,493	**-**	-	**103,873,262**	102,296,732
Revenue - inter-segment	**120,000**	-	**831,727**	446,873	**-**	-	**39,772**	-	**3,576,896**	-	**(4,568,395)**	(446,873)	**-**	-
Total revenue	**12,602,806**	16,925,622	**48,019,938**	44,694,901	**37,761,353**	36,529,733	**4,108,512**	4,288,856	**5,949,048**	304,493	**(4,568,395)**	(446,873)	**103,873,262**	102,296,732
Costs of revenue (excluding depreciation)	**(8,872,613)**	(13,439,064)	**(37,946,239)**	(34,338,944)	**(24,168,387)**	(23,913,629)	**(1,830,535)**	(2,004,689)	**(5,180,495)**	(201,832)	**4,448,395**	446,873	**(73,549,874)**	(73,451,285)
Gross profit (loss)	**3,730,193**	3,486,558	**10,073,699**	10,355,957	**13,592,966**	12,616,104	**2,277,977**	2,284,167	**768,553**	102,661	**(120,000)**	-	**30,323,388**	28,845,447
Share of results of joint venture	**(112,678)**	(120,644)	**-**	-	**-**	-	**-**	-	**192,351**	1,238,221	**-**	-	**79,673**	1,117,577
Losses on investments carried at FVTPL	**-**	-	**-**	-	**-**	-	**-**	-	**(96,207)**	(4,613)	**-**	-	**(96,207)**	(4,613)
Investment income	**-**	-	**-**	-	**-**	-	**-**	-	**783,885**	755,441	**-**	-	**783,885**	755,441
Other operating income	**36,687**	17,564	**-**	-	**900,531**	1,096,029	**123,905**	41,970	**1,733,279**	2,059,924	**(603,978)**	(931,421)	**2,190,424**	2,284,066
Expenses excluding depreciation and income tax expense	**(3,262,324)**	(3,425,890)	**(6,018,059)**	(6,262,042)	**(5,279,630)**	(5,204,616)	**(3,076,384)**	(2,855,659)	**(4,399,780)**	(3,827,531)	**260,300**	723,796	**(21,775,877)**	(20,851,942)
Depreciation	**(118,408)**	(294,468)	**(257,424)**	(400,127)	**(532,223)**	(692,338)	**(2,057,317)**	(2,085,729)	**(192,551)**	(291,634)	**-**	-	**(3,157,923)**	(3,764,296)
Finance costs	**(163)**	(22,679)	**(130)**	(127)	**(91,247)**	(52,025)	**(1,646,116)**	(1,226,695)	**(292,983)**	(147,194)	**463,678**	207,625	**(1,566,961)**	(1,241,095)
Impairment of goodwill	**-**	(119,528)	**-**	-	**-**		**-**	-	**-**	-	**-**	-	**-**	(119,528)
Income tax expense	**(48,434)**	(75,155)	**-**	-	**-**		**-**	-	**-**	-	**-**	-	**(48,434)**	(75,155)
Profit (loss) for the year	**224,873**	(554,242)	**3,798,086**	3,693,661	**8,590,397**	7,763,154	**(4,377,935)**	(3,841,946)	**(1,503,453)**	(114,725)	**-**	-	**6,731,968**	6,945,902
Capital expenditure	**112,017**	143,613	**-**	526,414	**259,322**	1,246,297	**329,400**	329,400	**464,075**	506,177	**-**	-	**1,164,814**	2,751,901
Operating assets	**6,664,906**	8,709,893	**18,244,408**	18,022,224	**6,510,279**	6,748,910	**41,575,393**	42,679,823	**59,634,727**	54,769,570	**(21,053,244)**	(17,046,024)	**111,576,469**	113,884,396
Operating liabilities	**2,687,543**	3,879,404	**4,642,629**	6,188,647	**3,184,111**	3,285,015	**33,560,894**	32,264,151	**10,084,968**	8,282,920	**(12,104,569)**	(9,956,973)	**42,055,576**	43,943,164

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

29 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Contract services and supply		*Wholesales segment*		*Retail segment*		*Hospitality*		*Investment, Shipping and other activities*		*Total*	
	2018	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*	***2018***	*2017*
	BD	*BD*	***BD***	*BD*	***BD***	*BD*	***BD***	*BD*	***BD***	*BD*	***BD***	*BD*
Types of revenue												
Sales of goods	**2,509,747**	2,066,715	**47,188,211**	44,248,028	**37,761,353**	36,529,733	**1,845,023**	2,047,117	**-**	-	**89,304,334**	84,891,593
Room services	**-**	-	**-**	-	**-**	-	**2,063,394**	2,096,846	**-**	-	**2,063,394**	2,096,846
Shipping services	**-**	-	**-**	-	**-**	-	**-**	-	**2,372,152**	308,586	**2,372,152**	308,586
Catering and other services	**9,973,059**	14,858,907	**-**	-	**-**	-	**160,323**	140,800	**-**	-	**10,133,382**	14,999,707
Total revenue from contracts with customers	**12,482,806**	16,925,622	**47,188,211**	44,248,028	**37,761,353**	36,529,733	**4,068,740**	4,284,763	**2,372,152**	308,586	**103,873,262**	102,296,732
Geographical markets												
Bahrain	**1,618,013**	2,799,955	**47,188,211**	44,248,028	**35,142,665**	34,220,376	**4,068,740**	4,284,763	**2,372,152**	308,586	**90,389,781**	85,861,708
GCC and other Arab countries	**-**	-	**-**	-	**2,618,688**	2,309,357	**-**	-	**-**	-	**2,618,688**	2,309,357
African countries	**10,864,793**	14,125,667	**-**	-	**-**	-	**-**	-	**-**	-	**10,864,793**	14,125,667
Total revenue from contracts with customers	**12,482,806**	16,925,622	**47,188,211**	44,248,028	**37,761,353**	36,529,733	**4,068,740**	4,284,763	**2,372,152**	308,586	**103,873,262**	102,296,732
Timing of revenue recognition												
Products transferred at point in time	**2,509,747**	2,066,715	**47,188,211**	44,248,028	**37,761,353**	36,529,733	**1,845,023**	2,047,117	**-**	-	**89,304,334**	84,891,593
Product and services over time	**9,973,059**	14,858,907	**-**	-	**-**	-	**2,223,717**	2,237,646	**2,372,152**	308,586	**14,568,928**	17,405,139
Total revenue from contracts with customers	**12,482,806**	16,925,622	**47,188,211**	44,248,028	**37,761,353**	36,529,733	**4,068,740**	4,284,763	**2,372,152**	308,586	**103,873,262**	102,296,732

30 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 and bank balances 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 and bank balances, 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 2018 and 31 December 2017.

The sensitivity analysis have been prepared on the basis that the proportion of financial instruments in foreign currencies are all constant at 31 December 2018 and 31 December 2017.

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, cash and bank balances, 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 2018 and 31 December 2017.

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:

	2018		*2017*	
Increase (decrease) in basis points	***+50***	***-25***	*+50*	*-25*
(Decrease) increase in profit [in BD]	**(123,177)**	**61,588**	(125,453)	62,727

30 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.

		2018		*2017*	
Investments at FVOCI	***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%**	**776,715**	**-**	847,485	-
	-10%	**(776,715)**	**-**	(847,485)	-
- Unquoted investments					
Equity investments	**+10%**	**208,147**	**-**	188,479	-
	-10%	**(208,147)**	**-**	(188,479)	-
Investments at FVTPL					
- Quoted investments					
Equity investments	**+10%**	**-**	**49,224**	-	53,961
	-10%	**-**	**(49,224)**	-	(53,961)
Debt investments	**+10%**	**-**	**186,753**	-	191,637
	-10%	**-**	**(186,753)**	-	(191,637)

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:

	2018 BD	*2017 BD*
Equities	**7,490,050**	7,870,320
Private equity funds	**2,049,870**	1,851,585
Open-ended mutual funds	**800,930**	1,177,345
Debt instruments	**1,867,534**	1,916,368
	12,208,384	12,815,618

30 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:

	2018		2017	
	Assets BD equivalent	***Liabilities BD equivalent***	*Assets BD equivalent*	*Liabilities BD equivalent*
Euro	**29,539**	**64,627**	30,150	67,528
Pound Sterling (GBP)	**6,566**	**8,374**	6,702	8,750
Other currencies	**5,665,795**	**739,152**	5,782,990	772,327

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 comprehensive income due to changes in the net investment in foreign subsidiaries).

	2018		2017	
	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	**1,754**	**-**	1,869	-
Pound Sterling (GBP)	**90**	-	102	-
Other currencies	**-**	**(246,332)**	-	(250,533)

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

Trade receivables and amounts due from related parties

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The management does not believe that there is any significant credit risk associated with the amounts due from related parties.

Bank balances and investments in debt instruments

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

30 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:

	2018 ***BD***	*2017* *BD*
Bank balances	**5,432,938**	2,909,088
Trade and other receivables	**17,510,149**	19,152,194
Investments (debt instruments)	**1,867,534**	1,916,368
	24,810,621	23,977,650

The Group investments in debt instruments as of 31 December 2018 and 31 December 2017, were neither past due nor impaired.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than five year and are not subject to enforcement activity. The Group does not hold collateral as security.

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 19% (2017: 15%) of the outstanding trade receivables at 31 December 2018.

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

31 December 2018	***Investments in debt instruments BD***	***Financial assets at amortised costs BD***	***Bank balances BD***
Geographic regions			
Bahrain	**1,555,037**	**12,766,441**	**4,915,400**
Other GCC and Arab countries	**312,497**	**644,975**	**126,670**
African countries	**-**	**4,098,733**	**390,868**
	1,867,534	**17,510,149**	**5,432,938**

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Credit risk concentrations (continued)

31 December 2017	*Investments in debt instruments BD*	*Loans and receivables BD*	*Bank balances BD*
Geographic regions			
Bahrain	1,586,874	15,116,049	1,139,682
Other GCC and Arab countries	329,494	536,284	259,391
African countries	-	3,499,861	1,510,015
	1,916,368	19,152,194	2,909,088

31 December 2018	***Investments in debt instruments BD***	***Financial assets at amortised costs BD***	***Bank balances BD***
Industry sectors			
Banking	**758,192**	**-**	**5,432,938**
Government	**1,109,342**	**-**	**-**
Trading	**-**	**17,510,149**	**-**
Total	**1,867,534**	**17,510,149**	**5,432,938**

31 December 2017	*Investments in debt instruments BD*	*Loans and receivables BD*	*Bank balances BD*
Industry sectors			
Banking	774,116	-	2,909,088
Government	1,142,252	-	-
Trading	-	19,152,194	-
Total	1,916,368	19,152,194	2,909,088

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 2018	***On demand BD***	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 10 years BD***	***Total BD***
Loans and borrowings	**-**	**3,654,517**	**1,739,810**	**21,016,563**	**26,410,890**
Trade and other payables	**1,022,759**	**10,434,380**	**-**	**-**	**11,457,139**
Bank overdrafts	**2,013,480**	**-**	**-**	**-**	**2,013,480**
Retentions payable	**-**	**-**	**1,175,371**	**-**	**1,175,371**
	3,036,239	**14,088,897**	**2,915,181**	**21,016,563**	**41,056,880**

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

31 December 2017	*On demand BD*	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 10 years BD*	*Total BD*
Loans and borrowings	-	3,673,911	2,470,792	22,241,386	28,386,089
Trade and other payables	781,380	10,841,864	-	-	11,623,244
Retentions payable	-	-	1,599,956	-	1,599,956
Bank overdrafts	895,452	-	-	-	895,452
	1,676,832	14,515,775	4,070,748	22,241,386	42,504,741

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.

Changes in liabilities arising from financing activities

	As at 1 January 2018 BD	***Cash flows Availed BD***	***Cash flows Payments BD***	***Dividend recognised BD***	***As at 31 December 2018 BD***
Loans and borrowings	**24,195,236**	**9,597,167**	**(11,170,583)**	**-**	**22,621,820**
Retentions payable	**1,599,956**	**-**	**(424,585)**	**-**	**1,175,371**
Unclaimed dividend	**781,380**	**-**	**(6,695,809)**	**6,937,188**	**1,022,759**
	26,576,572	**9,597,167**	**(18,290,977)**	**6,937,188**	**24,819,950**

	As at 1 January 2017 BD	*Cash flows Availed BD*	*Cash flows Payments BD*	*Dividend recognised BD*	*As at 31 December 2017 BD*
Loans and borrowings	22,317,902	4,588,492	(2,711,158)	-	24,195,236
Retentions payable	2,780,273	-	(1,180,317)	-	1,599,956
Unclaimed dividend	624,523	-	(6,780,331)	6,937,188	781,380
	25,722,698	4,588,492	(10,671,806)	6,937,188	26,576,572

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 2018 and 31 December 2017.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017, respectively. Equity comprises of share capital, other reserves, and retained earnings net of treasury shares attributable to the shareholders of BMMI B.S.C. and is measured at BD 66,258,844 (2017: BD 64,976,540) as at 31 December 2018.

31 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of financial instruments

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

Financial assets consist of investments, a portion of trade and other receivables and cash and bank balances. 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 and bank balances, bank overdrafts, a portion of trade and other receivables, retentions payable 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 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 2018 and 31 December 2017; and

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

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 6.

Fair value hierarchy

For fair value hierarchy of the Group's assets and liabilities, refer to note 9.

31 FAIR VALUE MEASUREMENT (continued)

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

31 December 2018	***Amortised cost BD***	***Fair value through profit or loss BD***	***Fair value through other comprehensive income BD***	***Total BD***
Financial assets:				
Trade and other receivables	**17,510,149**	-	-	**17,510,149**
Investments	-	**2,359,772**	**9,848,612**	**12,208,384**
Cash and bank balances	**5,566,402**	-	-	**5,566,402**
	23,076,551	**2,359,772**	**9,848,612**	**35,284,935**
Financial liabilities:				
Loans and borrowings	**22,621,820**	-	-	**22,621,820**
Trade and other payables	**11,457,139**	-	-	**11,457,139**
Bank overdrafts	**2,013,480**	-	-	**2,013,480**
Retentions payable	**1,175,371**	-	-	**1,175,371**
	37,267,810	-	-	**37,267,810**

31 December 2017	*Amortised cost BD*	*Fair value through profit or loss BD*	*Fair value through other comprehensive income BD*	*Total BD*
Financial assets:				
Trade and other receivables	19,152,194	-	-	19,152,194
Investments	-	2,455,979	10,359,639	12,815,618
Cash and bank balances	3,093,958	-	-	3,093,958
	22,246,152	2,455,979	10,359,639	35,061,770

31 December 2017	*Amortised cost BD*	*Fair value through profit or loss BD*	*Fair value through other comprehensive income BD*	*Total BD*
Financial liabilities:				
Loans and borrowings	24,195,236	-	-	24,195,236
Trade and other payables	11,623,244	-	-	11,623,244
Retentions payable	1,599,956	-	-	1,599,956
Bank overdrafts	895,452	-	-	895,452
	38,313,888	-	-	38,313,888

32 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.