



His Royal Highness
Prince Khalifa Bin Salman
Al Khalifa
The Prime Minister



His Royal Majesty
King Hamad Bin Isa
Al Khalifa
*The King of the
Kingdom of Bahrain*



His Royal Highness
Prince Salman Bin Hamad
Al Khalifa
*The Crown Prince,
Deputy Supreme Commander
and First Deputy Prime
Minister*

Company Profile

Over 3 decades of exceptional service

Trafco Group B.S.C (TRAFCO) was incorporated in the year 1977 as a public joint stock company as a part of an initiative to revolutionize and rejuvenate the food industry of the Kingdom of Bahrain. The Company was successfully turned into Public Share Holding Company with initial public offering in 1980 and was later listed in Bahrain Bourse. In the last 3 decades the company en route to success has achieved several milestones and has earned itself the reputation of being one among the best in the Fast Moving Consumer Goods (FMCG) industry. Born out of a vision to be at the forefront of the food industry, TRAFCO is today a household name synonymous with some of the finest food products in the world. Moreover, being one of the oldest food conglomerate in Bahrain, it has gained trust and admiration for its commitment to quality, value and service excellence.

Serving Bahrain with the best from across the globe

The core business of the Parent Company is import & distribution of food & non food products and with group annual sales turnover of US\$ 107 million, TRAFCO is one among the largest & biggest FMCG conglomerates in Bahrain with an extensive range of products comprising of canned, chilled, frozen & dry food & non-food products, general commodities, fresh fruits and vegetables as well as livestock imported from countries such as Australia, Brazil, Europe, the Far East, India, UK, USA, besides Arab and Middle Eastern countries. With stringent and reliable quality control systems in place, TRAFCO continues to introduce many world renowned brands with the assurance of excellent quality and exceptional service.

Success through synergy

As part of its vision to become a dominant player in food industry, Trafco is propelling its expansion through organic and inorganic growth. Trafco has invested in developing the food industry of Bahrain by acquiring BWBB, BFFC, Metro Markets and has invested in Trafco Logistics Co. (TLC) and by owning majority stake in Awal Dairy Company W.L.L., Banz Group and Bahrain Livestock Company. To serve Bahrain's objective of economic integration among GCC countries, Kuwait Bahrain Dairy Co. established in 1992 is wholly owned subsidiary of Awal Dairy catering to Kuwait, Saudi Arabia, UAE, Jordan and Iraq.

BWBB: Bahrain Water Bottling & Beverages, 100% subsidiary of Trafco has received HACCP certificate from SGF Gulf UAE for the quality of water it packages, awarded by institutions specializing in water analysis supported by Saudi and the Gulf standards. BWBB is one among very few companies in Bahrain that are into manufacturing and bottling of mineral water with strict adherence to quality control. BWBB is the market leader in water bottling industry and TYLOS is the brand leader in the segment in addition to other brands like Salsabil. Apart from the private labeling business, last year the company added 'metro' brand in its production line which is marketed by Trafco.

BFFC: Bahrain Fresh Fruits Company, a pioneer in food industry was acquired in the year 2009 and is 100% subsidiary of Trafco. The Company was incorporated in the year 1998 and with its state-of-the-art infrastructure along with a dedicated & committed workforce has become a dominant player in FMCG sector with annual sales exceeding US\$ 12.7 million. BFFC is very active in 2 core food businesses - one being import and

distribution of Fresh Fruits & Vegetables and other, import and distribution of frozen, chilled & dry food & non food products. Our Fruits & Vegetable division is one among the biggest in Bahrain with largest banana ripening chambers, few of the brands to reckon with in FMCG divisions are Tilly-Sabco chicken, Frico cheese from Friesland, Bridel from Lactalies Europe, Delmonte and Chiquita & Frutia brand bananas, Coroli Oil and Alzook frozen products from Saudi Arabia.

Metros: Metro Markets Co. is 100% owned and is the retail wing of Trafco. Spanning across various parts of Bahrain, Metro is undoubtedly one of the most rapidly expanding supermarket chains in the Kingdom. Metro known for their strict adherence to quality control and standards, have been over the years, patronized by discerning customers who value superior products and services. The company is on the look out for new locations to open branches.

Trafco Logistics: Trafco Logistics Co. which commenced its operation from May 2010 is conveniently located in Galali. The US\$ 14 million logistics complex is a wholly owned subsidiary of Trafco which is focusing on 3PL. This state-of-the-art logistic facility with sophisticated technology and exceeding 20,000 cubic meter space with Frozen, Chilled and Dry facilities located in close proximity to the Airport and the new Seaport has propelled Trafco into the elite group of logistic solution providers in Bahrain.

Awal Dairy: The first dairy company in Bahrain to be incorporated in the year 1963, Trafco holds 51% shareholding in Awal dairy. The Company is ISO 2200:2005 certified and adheres to international food and safety standards. Latest technology, innovative & excellent products, proficient manpower, sophisticated logistics and outstanding customer care have made Awal Dairy the market leader in Bahrain. Awal Dairy offers novel range of fruit juice & drink, fresh milk under brand name "Noor", UHT milk under brand name "Awal" and "Fabion" ice creams in addition to other value added products. Awal Dairy is the first in the Arabian Gulf and second in the world to invest in Tetra Brick Aseptic 1000ml slim pack with re-cap system. The Company with a workforce of more than 293 people and with combined production capacity exceeding 200,000 metric tons is one among the biggest in the GCC region.

QBC: The process of exiting from this partnership and other legal formalities are in progress with our partners in Qatar.

BLSC: Bahrain Livestock Company was formed by the Government of Bahrain with single minded objective of providing meat at reasonable price to Bahrain's population. The Company started its operations in 1983 and successfully got privatized in the year 2000 with Trafco acquiring major shares in the Company. BLC imports chilled meat and livestock from Australia which are slaughtered in well equipped in-house slaughter houses in the most hygienic and healthy way. BLC is the only company allowed to import live stock and the prices are supported with government subsidies.

Glimpse of the future

Success, as we all know, is not the destination but an on-going process. We, at TRAFCO, strongly believe in this philosophy. Reason why, the company is all set to expand further in the future, thus, underscoring the management's objectives to serve not only the local market but also across the GCC region.

An edifice of international standards



Vision

TRAFCO to be recognized as a household name synonymous with finest food products in the GCC.

Mission

To ensure customer satisfaction by delivering superior quality products, the highest level of service and diverse range of world-leading brands at the most competitive prices.

Strategic Goals

Backed by strong financial stability, support of the stakeholders, team of professionals HR, IT, Finance, Storage and efficient fleet management system, TRAFCO group strives to enhance their business by diversifying into various segment in food category.

Key Business Plan

- Diversifying into sectors of private labelling
- Accelerate new product launches, brands, agencies, distributions
- Expand management team in sales/marketing
- Strengthen human resources functions
- Seek new market segments in food category
- Locate new corporate premises
- Participating in trade shows and fairs
- Develop overseas market entry plans

Values

The company is guided by the following core values in its endeavour to realize its corporate vision:

- T eamwork
- R eliability
- A ccountability
- F airness
- C ommitment
- O ptimum Value

SWOT Analysis

Strength

- Over 3 decades of presence with infrastructure facilities including logistics services.
- Key Customer Base

Weakness

- Dependability on few major brands

Opportunities

- Access to all sources of vendors, manufacturers and growers all over the world.
- Scope to diversify into related market segments
- Distribution channels seeking new products

Threats

- Growing competition by small and medium players in the same sector.
- Price sensitive market

Integrating elements of holistic progress and sustainable growth

Authorised Capital	BD 10,000,000
Issued and Paid Up Capital	BD 8,067,505

Board of Directors

1) Ebrahim Mohamed Ali Zainal	Chairman
2) Yusuf Saleh Abdulla Alsaleh	Vice Chairman
3) Khalid A.Rahman Khalil Almoayed	Director
4) Dr. Esam Abdulla Yousif Fakhro	Director
5) Ebrahim Salahuddin Ahmed Ebrahim	Director
6) Sami Mohammed Yusuf Jalal	Director
7) Jehad Yusuf Abdulla Amin	Director
8) A. Redha Mohamed Redha Aldailami	Director
9) Ali Yusuf A.Rahman A.Rahim	Director
10) Fuad Ebrahim Khalil Kanoo	Director

Executive Management

S. Sridhar - General Manager	17 725897	sridhar@trafco.com
Sameer A. Alkhan - Assistant General Manager	17 723343	sameer@trafco.com
Tharol Soma Rajan - Group Financial Controller	17 827059	soman@trafco.com
Azzam Moutragi - Sales Manager	17 723524	azzam@trafco.com
Ali Ramadan Nasser - Stores Manager	17 729410	ramadan@trafco.com
Hussain Buchiri - Human Resources Manager	17 825314	hbuchiri@trafco.com
P. Palanisamy - Finance Manager	17 729000	palani@trafco.com
Francisco J. Sequeira - Maintenance Manager	17 729000	francis@trafco.com

Group Companies

Prasanth P.J. - Operations Manager, Bahrain Fresh Fruits Co. S.P.C.	17 470935	bffc@batelco.com.bh
Raju Joseph - Operations Manager, Trafco Logistics Co. S.P.C.	17 810450	raju@trafcologistics.com.bh



ترافكو اللوجستية ش.ش.و.
TRAFCO LOGISTICS S.P.C.

Other Departments

Sales Department	17 727208
Accounts Department - Head Office	17 827059
Fresh Fruits & Vegetables Division - Central Market	17 276603
Accounts Department - Central Market	17 276603

Banks

- 1) National Bank of Bahrain B.S.C.
- 2) Ahli United Bank Bahrain B.S.C.
- 3) Mashreq Bank
- 4) Arab Bank
- 5) Habib Bank Ltd.
- 6) Standard Chartered Bank
- 7) Kuwait Finance House
- 8) Bank of Bahrain and Kuwait B.S.C

Subsidiary Companies

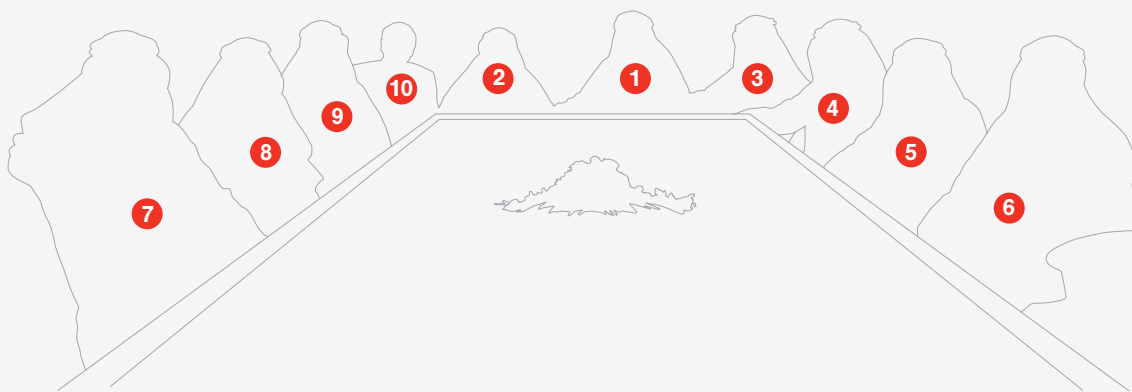
	Place of Incorporation	Effective Ownership Interest
1) Bahrain Water Bottling & Beverage Co. S.P.C.	Bahrain	100%
2) Bahrain Fresh Fruits Co. S.P.C.	Bahrain	100%
3) Metro Markets Co. S.P.C.	Bahrain	100%
4) Trafco Logistics Co. S.P.C.	Bahrain	100%
5) Awal Dairy Co. W.L.L.	Bahrain	51%
6) Kuwait Bahrain Dairy Co. W.L.L. (98% Owned By Awal Dairy Co. W.L.L.)	Kuwait	

Associate Companies

	Place of Incorporation	Effective Ownership Interest
1) Bahrain Livestock Company B.S.C. (C)	Bahrain	33%
2) Qatari Bahraini Food Trading Co. L.L.C.	Qatar	50% (under Liquidation)



Board of Directors





1. Ebrahim Mohamed Ali Zainal
Chairman

2. Yusuf Saleh Abdulla Alsaleh
Vice Chairman

3. Khalid A.Rahman Khalil Almoayed
Director & Executive Committee Member

4. Dr. Esam Abdulla Yousif Fakhro
Director & Executive Committee Member

5. Ebrahim Salahuddin Ahmed Ebrahim
Director

6. Sami Mohammed Yusuf Jalal
Director

7. Jihad Yusuf Abdulla Amin
Director

8. Ali Yusuf A.Rahman A.Rahim
Director

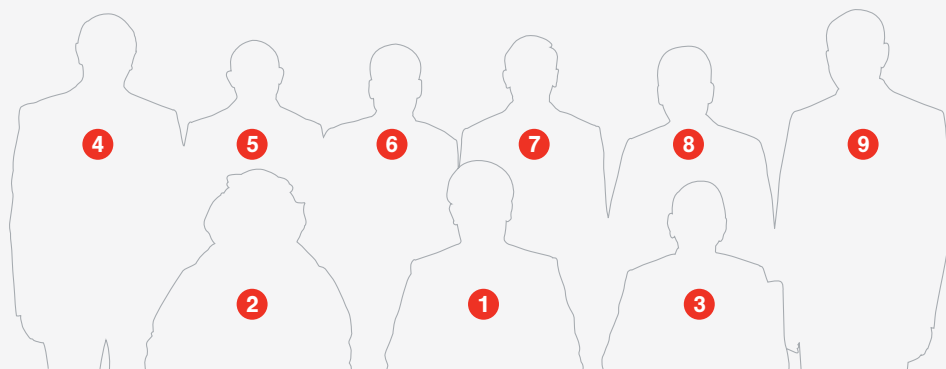
9. Fuad Ebrahim Khalil Kanoo
Director

10. A. Redha Mohamed Redha Aldailami
Director

Trafco Executive and Group Companies Management



A glorious journey of delivering commitments



1. S. Sridhar
General Manager

2. Sameer A. Alkhan
Assistant General Manager

3. Tharol Soma Rajan
Group Financial Controller

4. Azzam Moutragi
Sales Manager

5. Prasanth P. J.
Operations Manager
Bahrain Fresh Fruits Co. S.P.C.

6. Raju Joseph
Operations Manager
Trafco Logistics Co. S.P.C.

7. P. Palanisamy
Finance Manager

8. Francisco J. Sequeira
Maintenance Manager

9. Ali Ramadan Nasser
Stores Manager

Report of The Board of Directors

*In the name of Allah,
Most Gracious, Most Merciful*

The year 2014 was a difficult year for the food trade in general. With the start of a gradual decline in oil prices and energy, the international food prices declined during the second half of the year and the selling prices of dairy products, frozen food, and in particular, frozen chicken, sugar and rice had seen a drastic decline, resulting with the financial year ending with lower sales figures compared to the first half of the year. The drop in prices spurred competition in the market which required the traders to increase the volume of sales in order to meet or achieve previous year's sales in value. Accordingly, the total sales for the group dropped by BD 1.6 million (3.8%) to BD 40.2 million from BD 41.8 million of last year. The drop in trading profit was compensated by increased investment income and the share of profit from subsidiaries and associates companies which resulted in a net profit of BD 1.59 million compared to previous year's BD 1.5 million.

Awal Dairy Company (ADC)

During the first half of the financial year, this subsidiary company lost a large part of its sales volume in private export markets in Kuwait as a direct result of the truck congestion and delay in the King Fahd Causeway. The company's total sales during the year amounted to BD 13.4 million compared to BD 14.4 million of 2013, down by about 7%. Despite improved traffic across the bridge in recent months, it was not easy to recover our share of these markets easily. The executive management of the company is trying to make every effort to open new markets in Iraq and Jordan and we hope that the movement and flow of trucks will be smooth in the new year to enable the company to increase its market share in the neighboring countries where the company's products have gained acceptance among consumers.

Bahrain Water Bottling and Beverage Co. (BWBB)

During the year, the company was able to overcome all technical obstacles encountered after the break-down of production lines for a brief period, ensuring the necessary up-keep and maintenance of the equipment. As a result, in addition to lower gross profit margin due to intense competition from aerated soft drink companies and due to similar products imported from Turkey, the company continued to record a net loss for the year at BD 90k compared to a loss of BD 98k last year. With the recent decision to re-shuffle the senior management and write-off of old equipments fully by the end of current year, the company expects drastic improvement in the coming years.

Bahrain Fresh Fruits Company (BFFC)

The company achieved total sales of BD 4.78 million this year, a slight increase of 4% compared to total sales in 2013, BD 4.6 million. Further, for the first time in several years the company was able to record net profit this year at BD 38k, compared to last year loss of BD 30k. With our decision to change the company's executive management and our new policy to diversify the imports to frozen food without relying fully on fruits and vegetables, we could see a positive impact in improving the company's performance and we hope to be able to achieve better results by this subsidiary company in the new year.

Report of The Board of Directors

Metro Markets Company (Metro Markets)

After the closure of some non-performing branches and the restructuring of the executive management, the overall performance of this subsidiary company has improved and the company was able to achieve a net profit of BD 50k, compared to the loss of BD 13k last year, despite the decline in total sales to BD 2.8 million as against BD 3.4 million last year due to closure of the branches. The management is working hard to improve their overall performance with the search for new locations to open profitable branches and achieve increase of sales and also cater to retail consumers with the introduction of a new privately owned brand "metro".

Trafco Logistics Company (TLC)

This company's losses fell dramatically to BD 31k, compared to previous year's loss of BD 81k. The logistics and warehousing to third parties sector is witnessing a great competition in prices and due to large amount being invested in the construction, the high cost of finance and annual depreciation, the return on investment has become limited. With the changes that were made in the administration and new tender and contracts with ministries and companies, we hope that the company can achieve profit for the group over the next year.

Qatari Bahraini Food Trading Company (QBC)

As previously informed to the shareholders, the board of the joint administration of the two companies had made the decision to liquidate the company due to high accumulate losses and had assigned the liquidation process to the Qatari partner. So far the liquidation is still in process due to slow recovery of debts and from our side all the necessary provisions have been fully made and we do not foresee any need for more provisions next year.

Bahrain Livestock Company (BLSC)

The group owns 33% of the company's share capital and is still importing chilled meat flown from different sources in addition to live sheep import from Australia with the approval of authorities concerned and the meat is distributed in the local market at subsidized prices specified by the government. The board of directors had decided to make provision for the full value of the Australian shipment of 22,000 heads of live

sheep, which was rejected in 2012 for a value of approx. US\$ 4 million and the amount was fully provided in the last two years.

Issues related to corporate governance process

The details listed in the financial report showcases the company's commitment to all the requirements of corporate governance systems with continuous follow-up of the board members and senior executive management to comply with these requirements with all the transaction with related parties being in full transparency and on a normal commercial basis. The information on members of the board of directors and their participation in the meetings of the committees are available to shareholders in the financial report.

Financial results and recommendations on distribution of the profits

Audited Net Profit for the financial year ended 31 December 2014 amounted to BD 1,592,207 and with the addition of retained earnings carried from the previous year BD 1,452,098 the total net profit distributable will be BD 3,044,305. The board of directors recommends the distribution of these profits as follows:

• Statutory reserve	BD	160,872
• General reserve	BD	50,000
• Cash dividend to shareholders at 15%	BD	1,172,097
Retained earnings carried to 2015	BD	1,661,336
• Allocation to donations and charity	BD	30,000
• Directors' remuneration	BD	100,000
Total provision	BD	130,000

The allocation for the directors' remuneration and charitable donation provisions will be included in the accounts for the financial year 2015 subject to AGM approval.

Report of The Board of Directors

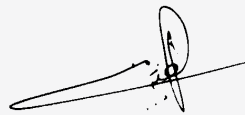
Acknowledgements

On behalf of all shareholders, the board of directors is grateful to His Royal Majesty King Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain, His Royal Highness Prince Khalifa bin Salman Al Khalifa, the Prime Minister and His Royal Highness Prince Salman Bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander and First Deputy Prime Minister. We would also like to thank all the ministers and officials from the ministries and institutions of the Kingdom of Bahrain for their cooperation and the continued support and assistance to the company and its subsidiaries and associates.

We would also like to show our gratitude towards the administration and employees for their untiring efforts and dedication to work without whom the company could not have achieved this growth and good results.

We also like to sincerely thank our valued customers and our clients for their support who had a positive role in selling our products which resulted in gaining the customers' confidence and trust in our products.

105: And say (O Muhammad saw) "Do Deeds, Allah Will See Your Deeds And (so will) His Messenger And The Believers": Al Tawba, The Holy Qur'an.



Ebrahim Mohamed Ali Zainal
Chairman
Bahrain, 21 February 2015

Auditors' Report

Independent Auditors' Report To The Shareholders Of Trafco Group B.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Trafco Group B.S.C. ('the Company') and its subsidiaries (together 'the Group'), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of income, other comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2014, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

- a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith; and
- b) the financial information contained in the Report of Board of Directors is consistent with the consolidated financial statements.

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 2014 that might have had a material adverse effect on the business of the Company or on its consolidated financial position. Satisfactory explanations and information have been provided to us by the management in response to all of our requests.



Director's Registration No. 116
21 February 2015
Manama, Kingdom of Bahrain

Consolidated Statement of Income

For the year ended 31 December 2014

	Notes	2014 BD	2013 BD
Sales		40,252,833	41,847,543
Cost of sales		(33,157,137)	(34,152,969)
GROSS PROFIT		7,095,696	7,694,574
Storage income		396,487	335,670
Other operating income	5	185,442	222,967
Personnel costs	7	(3,178,784)	(3,154,834)
Selling and distribution expenses		(1,750,620)	(1,918,208)
General and administrative expenses		(1,078,134)	(1,061,395)
Depreciation	9	(364,779)	(387,013)
Direct operating costs - warehouse		(377,462)	(367,638)
OPERATING PROFIT FROM CONTINUING OPERATIONS		927,846	1,364,123
Investment income (net)	6	926,192	603,625
Finance costs	7	(346,434)	(390,437)
Share of results of an associate	10	343,851	255,672
Exchange losses		(8,716)	(1,575)
PROFIT OF THE GROUP FOR THE YEAR FROM CONTINUING OPERATIONS BEFORE IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS		1,842,739	1,831,408
Impairment of available-for-sale investments	11	(165,047)	(169,335)
PROFIT OF THE GROUP FOR THE YEAR FROM CONTINUING OPERATIONS		1,677,692	1,662,073
DISCONTINUED OPERATIONS			
Net loss for the year from discontinued operations	16	(116,829)	(48,000)
PROFIT OF THE GROUP FOR THE YEAR of which (profit) loss attributable to non-controlling interests	7	1,560,863	1,614,073
		31,344	(111,320)
PROFIT FOR THE YEAR ATTRIBUTABLE TO TRAFCO EQUITY SHAREHOLDERS		1,592,207	1,502,753
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	20	19
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (FILS)	8	22	20



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Alsaleh
Vice Chairman

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2014

	Note	2014 BD	2013 BD
PROFIT OF THE GROUP FOR THE YEAR		1,560,863	1,614,073
Other comprehensive income			
<i>Other comprehensive (loss) / income to be reclassified to the consolidated statement of income in subsequent periods:</i>			
<i>Cumulative changes in fair value:</i>			
Realised gain included in the consolidated statement of income upon disposal of available-for-sale investments (net)		(472,899)	(221,123)
Changes in fair value of available-for-sale investments (net)	11	860,101	2,010,093
Changes in fair value of associates' available-for-sale investments		35,272	7,563
Exchange differences on translation of foreign operations		(51,082)	156
Other comprehensive income that will be reclassified to the consolidated statement of income in subsequent periods		371,392	1,796,689
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR		1,932,255	3,410,762
of which loss (income) attributable to non-controlling interests		56,374	(111,396)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO TRAFCO EQUITY SHAREHOLDERS		1,988,629	3,299,366


Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla Al Saleh
Vice Chairman

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 BD	2013 BD
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,507,600	8,715,594
Investment in an associate	10	2,284,537	2,089,891
Available-for-sale investments	11	9,669,590	9,366,836
		<u>21,461,727</u>	<u>20,172,321</u>
Current assets			
Inventories	13	9,194,950	8,618,723
Trade and other receivables	14	8,967,503	9,112,810
Bank balances and cash	15	591,874	1,516,043
		<u>18,754,327</u>	<u>19,247,576</u>
Assets classified as held for liquidation	16	-	116,829
		<u>40,216,054</u>	<u>39,536,726</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Share capital	17	8,067,505	8,067,505
Treasury shares	18	(564,821)	(560,224)
Share premium	19	3,386,502	3,386,502
Statutory reserve	20	3,083,650	2,922,778
General reserve	21	1,165,000	1,130,000
Cumulative changes in fair value	22	5,263,404	4,866,982
Retained earnings - distributable		1,661,336	1,452,098
Retained earnings - not distributable	23	116,884	116,884
Proposed appropriations		1,222,097	1,051,066
		<u>23,401,557</u>	<u>22,433,591</u>
Equity attributable to equity holders of the parent		<u>23,401,557</u>	<u>22,433,591</u>
Non-controlling interests		1,218,360	1,274,734
		<u>24,619,917</u>	<u>23,708,325</u>
Total equity			
Non-current liabilities			
Term loans	25	854,341	990,988
Employees' end of service benefits	26	1,001,759	982,879
Loan from non-controlling interests	27	627,000	627,000
		<u>2,483,100</u>	<u>2,600,867</u>
Current liabilities			
Trade and other payables	28	4,996,513	5,205,218
Import loans	29	5,681,159	5,005,317
Bank overdrafts	15	1,777,965	2,055,120
Term loans	25	657,400	961,879
		<u>13,113,037</u>	<u>13,227,534</u>
Total liabilities		<u>15,596,137</u>	<u>15,828,401</u>
TOTAL EQUITY AND LIABILITIES			
		<u>40,216,054</u>	<u>39,536,726</u>



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Al Saleh
Vice Chairman

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 BD	2013 BD
OPERATING ACTIVITIES			
Profit of the Group from continuing operations		1,677,692	1,662,073
Loss of the Group from discontinued operations		(116,829)	(48,000)
Profit of the Group for the year		1,560,863	1,614,073
Adjustments for:			
Depreciation	9	1,116,346	1,104,498
Gain on disposal of property, plant and equipment	7	(777)	(28,707)
Finance costs	7	346,434	390,437
Investment income (net)	6	(926,192)	(603,625)
Share of results of an associate	10	(343,851)	(255,672)
Impairment of available-for-sale investments	11	165,047	169,335
Provision for slow moving and obsolete of inventories	13	52,247	72,057
Allowance for impairment of trade receivables	14	83,197	75,381
Impairment of advance to an associate	16	116,829	48,000
Provision for employees' end of service benefits	26	167,503	184,493
Operating profit before changes in working capital		2,337,646	2,770,270
Working capital changes:			
Inventories		(628,474)	(1,236,862)
Trade and other receivables		62,110	344,698
Trade and other payables		(181,736)	190,410
Cash generated from operations		1,589,546	2,068,516
Directors' remuneration paid		(95,000)	(90,000)
Employees' end of service benefits paid	26	(148,623)	(141,759)
Net cash flows from operating activities		1,345,923	1,836,757
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(1,923,671)	(422,320)
Proceeds from disposal of property, plant and equipment		16,096	153,147
Purchase of available-for-sale investments	11	(790,108)	(346,160)
Proceeds from disposal of available-for-sale investments		1,135,670	675,970
Return of capital of available-for-sale investments		88,885	-
Dividends received from an associate	10	184,477	184,477
Dividends received		411,146	393,165
Net cash flows (used in) from investing activities		(877,505)	638,279
FINANCING ACTIVITIES			
Dividends paid		(942,665)	(874,094)
Term loans availed		750,000	1,046,702
Repayment of term loans		(1,191,126)	(2,136,184)
Net movement in import loans		675,842	1,370,821
Finance costs paid		(351,804)	(395,863)
Purchase of treasury shares		(4,597)	-
Net cash flows used in financing activities		(1,064,350)	(988,618)
NET DECREASE INCREASE IN CASH AND CASH EQUIVALENTS			
		(595,932)	1,486,418
Net foreign exchange difference		(51,082)	156
Cash and cash equivalents at 1 January		(539,077)	(2,025,651)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	(1,186,091)	(539,077)
Non-cash transactions			
- Unclaimed dividends pertaining to prior years amounting to BD 73,401 (2013:BD 63,813) have been excluded from the movement of trade and other payables above.			

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Notes	Attributable to equity holders of the parent				
		Share capital BD	Treasury shares BD	Reserves		
				Share premium BD	Statutory reserve BD	General reserve BD
Balance at 1 January 2014		8,067,505	(560,224)	3,386,502	2,922,778	1,130,000
Profit for the year - 2014		-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the year		-	-	-	-	-
2013 Appropriations:						
General reserve - 2013	21	-	-	-	-	35,000
Dividends paid	24	-	-	-	-	-
2014 - Proposed appropriations:						
General reserve - 2014	21	-	-	-	-	-
Proposed dividend - cash	24	-	-	-	-	-
Purchase of treasury shares	18	-	(4,597)	-	-	-
Transfer to statutory reserve	20	-	-	-	160,872	-
Balance at 31 December 2014		8,067,505	(564,821)	3,386,502	3,083,650	1,165,000

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Attributable to equity holders of the parent								
Cumulative changes in fair value BD	Retained earnings - distributable BD	Reserves		Proposed appropriations BD	Total reserves BD	Total Trafco equity holders' equity BD	Non-controlling interests BD	Total equity BD
		Retained earnings - not distributable BD						
4,866,982	1,452,098	116,884		1,051,066	14,926,310	22,433,591	1,274,734	23,708,325
-	1,592,207	-		-	1,592,207	1,592,207	(31,344)	1,560,863
396,422	-	-		-	396,422	396,422	(25,030)	371,392
396,422	1,592,207	-		-	1,988,629	1,988,629	(56,374)	1,932,255
-	-	-		(35,000)	-	-	-	-
-	-	-		(1,016,066)	(1,016,066)	(1,016,066)	-	(1,016,066)
-	(50,000)	-		50,000	-	-	-	-
-	(1,172,097)	-		1,172,097	-	-	-	-
-	-	-		-	-	(4,597)	-	(4,597)
-	(160,872)	-		-	-	-	-	-
<u>5,263,404</u>	<u>1,661,336</u>	<u>116,884</u>		<u>1,222,097</u>	<u>15,898,873</u>	<u>23,401,557</u>	<u>1,218,360</u>	<u>24,619,917</u>

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity holders of the parent					
	Notes	Reserves				
		Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD
Balance at 1 January 2013		8,067,505	(560,224)	3,386,502	2,770,852	1,100,000
Profit for the year - 2013		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-
2012 Appropriations:						
General reserve - 2012	21	-	-	-	-	30,000
Dividends paid	24	-	-	-	-	-
2013 - Proposed appropriations:						
General reserve - 2013	21	-	-	-	-	-
Proposed dividend - cash	24	-	-	-	-	-
Transfer to statutory reserve	20	-	-	-	151,926	-
Transfer by subsidiary	23	-	-	-	-	-
Balance at 31 December 2013		8,067,505	(560,224)	3,386,502	2,922,778	1,130,000

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Attributable to equity holders of the parent							
Reserves							
Cumulative changes in fair value	Retained earnings - distributable	Retained earnings - not distributable	Proposed appropriations	Total reserves	Total Trafco equity holders' equity	Non-controlling interests	Total equity
BD	BD	BD	BD	BD	BD	BD	BD
3,070,369	1,166,531	102,690	967,907	12,564,851	20,072,132	1,163,338	21,235,470
-	1,502,753	-	-	1,502,753	1,502,753	111,320	1,614,073
1,796,613	-	-	-	1,796,613	1,796,613	76	1,796,689
1,796,613	1,502,753	-	-	3,299,366	3,299,366	111,396	3,410,762
-	-	-	(30,000)	-	-	-	-
-	-	-	(937,907)	(937,907)	(937,907)	-	(937,907)
-	(35,000)	-	35,000	-	-	-	-
-	(1,016,066)	-	1,016,066	-	-	-	-
-	(151,926)	-	-	-	-	-	-
-	(14,194)	14,194	-	-	-	-	-
<u>4,866,982</u>	<u>1,452,098</u>	<u>116,884</u>	<u>1,051,066</u>	<u>14,926,310</u>	<u>22,433,591</u>	<u>1,274,734</u>	<u>23,708,325</u>

The attached explanatory notes 1 to 36 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2014

1 CORPORATE INFORMATION

Trafco Group B.S.C. ('the Company' or 'Trafco' or 'the parent company') is a public joint stock company, the shares of which are publicly traded on Bahrain Bourse and was incorporated in the Kingdom of Bahrain by Amiri Decree No. 10 of November 1977. The Company is also registered in the Kingdom of Bahrain in accordance with the provisions of the Bahrain Commercial Companies Law and operates under commercial registration (CR) number 8500. The postal address of the Company's registered office is PO Box 20202, Kingdom of Bahrain. The Company's principal activity is trading in various kinds of food products.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 21 February 2015.

The Group comprises of the Company and its following subsidiaries and associates:

Relationship / name	Country of incorporation	Ownership interest		Year-end	Principal activities
		2014	2013		
Subsidiaries					
Bahrain Water Bottling & Beverages Company S.P.C.	Kingdom of Bahrain	100%	100%	31 December	Producing, bottling and marketing of sweet drinking water and beverages.
Bahrain Fresh Fruits Company S.P.C.	Kingdom of Bahrain	100%	100%	31 December	Trading in fresh fruits and vegetables.
Metro Markets Company S.P.C.	Kingdom of Bahrain	100%	100%	31 December	Trading in food items and beverages.
Trafco Logistics Company S.P.C.	Kingdom of Bahrain	100%	100%	31 December	Providing storage and logistics services.
Awal Dairy Company W.L.L.	Kingdom of Bahrain	51%	51%	30 September	Production and supply of milk, juices, ice cream and tomato paste.
Kuwait Bahrain Dairy Company W.L.L.	State of Kuwait	50%*	50%*	30 September	Marketing and supply of milk, juices and associated products.
Associates					
Bahrain Livestock Company B.S.C. (c)	Kingdom of Bahrain	33%	33%	31 December	Trading in livestock.
Qatari Bahraini Food Trading Co. L.L.C.	State of Qatar	50%	50%	31 December	Under liquidation process.

* Effective ownership. Owned by Awal Dairy Company W.L.L.

The Group primarily operates in the Kingdom of Bahrain and partially in the State of Kuwait and State of Qatar.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared under the historical cost basis, except for available-for-sale investments that have been measured at fair value.

The consolidated financial statements have been presented in Bahraini Dinars (BD) which is the functional currency of the Company and the presentation currency of the Group.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in conformity with the Bahrain Commercial Companies Law, 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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014. 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 gains 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 loses 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.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2014

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 those set out below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

IAS 32 Financial Instrument: Presentation (Amendments) - Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group's consolidated financial statements.

Several other new standards and amendments apply for the first time in 2014. However, they do not impact the consolidated financial statements of the Group.

Foreign currency transactions

The Group's consolidated financial statements are presented in Bahraini Dinars (BD) which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

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.

Transactions and balances

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

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currency transactions** (continued)*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into Bahraini Dinars at the rate of exchange prevailing at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in the consolidated statement of other comprehensive income. On disposal of a foreign operation, the component of the consolidated statement of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer usually on delivery of the goods. Promotional offers are included as revenue with a corresponding charge to selling and distribution costs.

Interest income

Interest income is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other revenue

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

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment in value, if any. Such cost includes the cost of replacing a part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of income when incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for freehold land and capital work-in-progress, as follows:

- Buildings on leasehold land	lesser of 10 to 30 years or lease term
- Plant, machinery and cold store equipment	over 2 to 10 years
- Furniture, fixtures and office equipment	over 2 to 5 years
- Motor vehicles	over 4 to 12 years

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.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due provision for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition, and are accounted for as follows:

Raw materials, consumables, spare parts and other items	- landed costs on a weighted average basis.
Finished goods	- costs of direct materials and labour and proportion of manufacturing overheads based on normal operating capacity.
Goods for sale	- landed costs on a first-in, first-out basis.

Net realisable value is based on 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.

When 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 valuation multiples, quoted share prices for publicly traded associates or other available fair value indicators.

The Group impairment calculation is based on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date 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 CGUs 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 in an associate

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

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

The Group's investment in its associate is accounted for using the equity method.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Investment in an associate** (continued)

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

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

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

The financial statements of the associate is 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 its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as share of results of associate in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence 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 current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in 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.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, held-to-maturity investments, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (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 available-for-sale investments, certain portion of trade and other receivables and bank balances and cash.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Available-for-sale investments

Available-for-sale financial investments include investments in equity securities. Equity investments classified as available-for sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale investments are subsequently measured at fair value with unrealised gains or losses recognised in the consolidated statement of other comprehensive income and taken to cumulative changes in fair value reserve in equity until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is reclassified to the consolidated statement of income and removed from the cumulative changes in fair values reserve.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity. For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to the consolidated statement of income over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less any impairment in value. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in the consolidated statement of income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written off in the consolidated statement of income when identified. Certain portion of trade and other receivables and bank balances and cash are classified as loans and receivables.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments - initial recognition and subsequent measurement** (continued)**Financial assets** (continued)**Subsequent measurement** (continued)**Derecognition of financial assets**

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale investments

For available-for-sale investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In case of equity instruments classified as available-for-sale, objective evidence would include a "significant" or "prolonged" decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income is removed from the consolidated statement of other comprehensive income and recognised in the consolidated statement of income. Impairment losses on investments in equity instruments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in the consolidated statement of other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) and recognised in the consolidated statement of income. The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. Assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited in the consolidated statement of income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include term loans, loan from non-controlling interests, certain portion of trade and other payables, import loans and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

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 carried at 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.

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments - initial recognition and subsequent measurement** (continued)**Financial assets** (continued)**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.

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.

Income and expenses are offset in the consolidated statement of income when it reflects the substance of the transaction or other event.

Amortised cost of financial instruments

Amortised cost is computed using the EIR less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the EIR.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

At 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Fair value measurement (continued)

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.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss was recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

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.

Employees' end of service benefits

The Group makes contributions to the Social Insurance Organization (SIO), Bahrain, for its Bahraini employees and Public Authority for Social Security, Kuwait, for its Kuwaiti employees, 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 for its expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Leases

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

Operating leases - Group as a lessee

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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management 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 assets or liabilities affected in future periods.

Judgements

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

Notes to the Consolidated Financial Statements

At 31 December 2014

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Judgements (continued)***Going concern*

The Group's management 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, management 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.

Classification of investments

The Group's management determines the classification of investments on initial recognition as "financial asset at fair value through profit or loss" or "available-for-sale". The investments are classified as financial asset at fair value through profit or loss" if they are acquired for the purpose of selling in the near term. All other investments are classified as "available-for-sale investments".

Operating lease—Group as lessee

The Group has entered into commercial property leases for its office and warehouse buildings. 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.

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 recoverable amount. An asset's recoverable amount is 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 group of assets. Where the carrying amount of an asset 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 discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. The Directors do not believe that there is any impairment of property, plant and equipment as at 31 December 2014 and 31 December 2013.

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 value and useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

Impairment of available-for-sale investments

For available-for-sale investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is below than its cost. At 31 December 2014, the provision for impairment of available-for-sale investments amounted to BD 551,618 (2013: BD 475,718). In determining any impairment for the unquoted investments carried at cost, assumptions have been made regarding the expected future cash generation of the investments, discount rates to be applied and the expected period of benefits.

Notes to the Consolidated Financial Statements

At 31 December 2014

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates (continued)

Valuation of unquoted available-for-sale 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 management is also required to make judgement as to the comparability of other companies to an unquoted equity investment when determining the fair value of the investment.

Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted private equity investments.

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 raw materials and consumables, spare parts and other items, finished goods and goods for sale amounted to BD 8,337,050 (2013: BD 7,538,099), with a provision for slow moving and obsolete inventories of BD 571,964 (2013: BD 520,900). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

Impairment of trade receivables

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

At the reporting date, gross trade receivables were BD 8,727,318 (2013: BD 8,777,549), with an allowance for impairment of BD 465,950 (2013: BD 536,943). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

4 PROSPECTIVE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance of the Group's 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 those standards (where applicable) when they become effective:

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

Notes to the Consolidated Financial Statements

At 31 December 2014

4 PROSPECTIVE CHANGES IN ACCOUNTING POLICIES (continued)*IFRS 15 Revenue from Contracts with Customers*

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Improvements to IFRSs

IASB has issued its omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments are effective for annual period beginning on or after 1 July 2014. The adoption of the following amendments may result in changes to accounting policies, but will not have any impact on the financial position or financial performance of the Group.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

Notes to the Consolidated Financial Statements

At 31 December 2014

4 PROSPECTIVE CHANGES IN ACCOUNTING POLICIES (continued)

Improvements to IFRSs (continued)

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

Other standards and interpretations that have been issued but not yet effective are not likely to have any significant impact on the consolidated financial statements of the Group in the period of their initial application.

5 OTHER OPERATING INCOME

This represents income from rebates, gains on disposal of property, plant and equipment and other miscellaneous income of the Group.

6 INVESTMENT INCOME (NET)

	2014 BD	2013 BD
Gain on disposal of available-for-sale investments (net)	515,046	210,460
Dividend income	411,146	393,165
	<u>926,192</u>	<u>603,625</u>

7 PROFIT OF THE GROUP FOR THE YEAR

Profit of the Group for the year is stated after charging:

	2014 BD	2013 BD
Inventories recognised as an expense on sale of finished goods	32,693,498	33,748,815
Provision for slow moving and obsolete inventories (note 13)	52,247	72,057
Allowance for impairment of trade receivables (note 14)	83,197	75,381
Operating lease rentals	266,917	262,157
Gain on disposal of property, plant and equipment	777	28,707

Notes to the Consolidated Financial Statements

At 31 December 2014

7 PROFIT OF THE GROUP FOR THE YEAR (continued)

	2014 BD	2013 BD
<i>Finance costs</i>		
Interest on term loans, import loans and a loan from non-controlling interests	258,458	270,764
Interest on bank overdrafts	73,531	105,995
Bank charges	14,445	13,678
	<u>346,434</u>	<u>390,437</u>
<i>Staff costs</i>		
Salaries and wages	3,000,676	2,981,862
Contributions to Social Insurance Organization (SIO), Bahrain and Public Authority for Social Security, Kuwait	249,220	233,719
Employees' end of service benefits (note 26)	167,503	184,493
Other benefits	870,067	902,506
	<u>4,287,466</u>	<u>4,302,580</u>

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

	2014 BD	2013 BD
Cost of sales	1,075,050	1,114,155
Personnel costs	3,178,784	3,154,834
Direct operating costs - warehouse	33,632	33,591
	<u>4,287,466</u>	<u>4,302,580</u>

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares repurchased by the Company and held as treasury shares.

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

	2014	2013
Profit for the year attributable to TRAFCO equity shareholders from continuing operations – BD	1,709,036	1,550,753
Loss for the year attributable to TRAFCO equity shareholders from discontinued operations – BD (note 16)	(116,829)	(48,000)
Profit for the year attributable to TRAFCO equity shareholders – BD	<u>1,592,207</u>	<u>1,502,753</u>
Weighted average number of shares, net of treasury shares	<u>78,147,934</u>	<u>78,158,923</u>
Basic and diluted earnings per share (fils)	<u>20</u>	<u>19</u>
Basic and diluted earnings per share from continuing operations (fils)	<u>22</u>	<u>20</u>

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

Notes to the Consolidated Financial Statements

At 31 December 2014

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	Buildings on leasehold land BD	Plant, machinery & cold store equipment BD	Furniture, fixtures and office equipment BD	Motor vehicles BD	Capital work-in- progress BD	Total BD
Cost:							
At 1 January 2014	62,821	7,604,246	12,710,543	1,406,156	2,416,784	74,886	24,275,436
Additions	1,444,370	52,087	59,922	52,747	80,174	234,371	1,923,671
Transfers	-	34,590	131,511	12,707	-	(178,808)	-
Disposals	-	(28,536)	(2,200)	(7,504)	(10,449)	(11,927)	(60,616)
At 31 December 2014	1,507,191	7,662,387	12,899,776	1,464,106	2,486,509	118,522	26,138,491
Accumulated depreciation:							
At 1 January 2014	-	3,334,681	9,158,127	1,201,725	1,865,309	-	15,559,842
Charge for the year	-	217,955	678,731	66,726	152,934	-	1,116,346
Relating to disposals	-	(25,165)	(2,197)	(7,486)	(10,449)	-	(45,297)
At 31 December 2014	-	3,527,471	9,834,661	1,260,965	2,007,794	-	16,630,891
Net book values:							
At 31 December 2014	1,507,191	4,134,916	3,065,115	203,141	478,715	118,522	9,507,600
Cost:							
At 1 January 2013	62,821	7,661,092	12,750,463	1,468,151	2,207,092	172,769	24,322,388
Additions	-	4,330	97,382	26,852	91,989	201,767	422,320
Transfers	-	69,781	34,643	6,853	187,344	(298,621)	-
Disposals	-	(130,957)	(171,945)	(95,700)	(69,641)	(1,029)	(469,272)
At 31 December 2013	62,821	7,604,246	12,710,543	1,406,156	2,416,784	74,886	24,275,436
Accumulated depreciation:							
At 1 January 2013	-	3,204,899	8,617,175	1,200,056	1,778,046	-	14,800,176
Charge for the year	-	218,868	650,870	81,330	153,430	-	1,104,498
Relating to disposals	-	(89,086)	(109,918)	(79,661)	(66,167)	-	(344,832)
At 31 December 2013	-	3,334,681	9,158,127	1,201,725	1,865,309	-	15,559,842
Net book values:							
At 31 December 2013	62,821	4,269,565	3,552,416	204,431	551,475	74,886	8,715,594

Buildings and plant and machinery having net book values of BD 127,152 (2013: BD 136,884) are situated on land owned by the Government of the Kingdom of Bahrain. No lease agreement exists between the Government and the Group.

Buildings and plant and machinery of a subsidiary having net book values of BD 642,347 (2013: BD 791,666) are situated on land leased from the Government of the Kingdom of Bahrain. The lease agreement expires in 2018 and is renewable at the subsidiary's option.

Buildings of a subsidiary having net book values of BD 224,668 (2013: BD 246,995) are situated on land leased from related parties. The lease is for a period of 10 years expiring in 2015 and is renewable at the subsidiary's option.

Motor vehicles having net book values of BD 58,097 (2013: BD 87,021) are secured against the term loans (refer to note 25).

Notes to the Consolidated Financial Statements

At 31 December 2014

9 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2014 BD	2013 BD
Cost of sales	522,037	489,679
Depreciation	364,779	387,013
Direct operating costs - warehouse	229,530	227,806
	<u>1,116,346</u>	<u>1,104,498</u>

10 INVESTMENT IN AN ASSOCIATE

The Group owns 33% interest in Bahrain Livestock Company B.S.C. (c), a company registered in the Kingdom of Bahrain and engaged in trading of livestock and other related activities in the Kingdom of Bahrain.

The following table illustrates summarised financial information of the Group's investment in an associate:

	2014 BD	2013 BD
<i>Associate's summarised statement of financial position:</i>		
Current assets	13,946,925	14,111,024
Non-current assets	256,161	1,023,345
Current liabilities	(7,280,247)	(8,801,367)
Equity	<u>6,922,839</u>	<u>6,333,002</u>
Proportion of the Group's ownership	33%	33%
Carrying amount of the investment in an associate	<u>2,284,537</u>	<u>2,089,891</u>
<i>Associate's summarised statement of comprehensive income:</i>		
Revenue	21,096,700	18,115,033
Government subsidy	42,021,373	38,282,800
Cost of sales	(60,246,131)	(53,803,324)
General and administrative expenses	(1,486,918)	(1,500,358)
Depreciation	(70,786)	(78,477)
Finance costs	(272,265)	(240,910)
Profit for the year	<u>1,041,973</u>	<u>774,764</u>
Proportion of the Group's ownership	33%	33%
Group's share of results for the year	<u>343,851</u>	<u>255,672</u>
Dividends received	<u>184,477</u>	<u>184,477</u>

The results and statement of financial position accounted for in these consolidated financial statements are based on financial statements for the years ended 31 December 2014 and 31 December 2013.

The associate has no significant contingencies or capital commitments as at 31 December 2014 and 31 December 2013.

Notes to the Consolidated Financial Statements

At 31 December 2014

11 AVAILABLE-FOR-SALE INVESTMENTS

	2014 BD	2013 BD
Quoted equity investments:		
- in Bahrain	5,957,779	5,160,262
- other GCC countries	676,667	1,011,993
	<u>6,634,446</u>	<u>6,172,255</u>
Unquoted investments:		
- equities: at cost	-	20,000
at fair value	2,115,325	2,085,840
- funds: at cost	353,224	362,817
at fair value	566,595	725,924
	<u>3,035,144</u>	<u>3,194,581</u>
Total available-for-sale investments	<u>9,669,590</u>	<u>9,366,836</u>

Movements in available-for-sale investments were as follows:

	2014 BD	2013 BD
At 1 January	9,366,836	7,769,920
Purchase of investments	790,108	346,160
Transferred from advance for subscription	-	96,631
Disposal of investments at book value	(1,182,408)	(686,633)
Changes in fair values	860,101	2,010,093
Impairment in value	(165,047)	(169,335)
At 31 December	<u>9,669,590</u>	<u>9,366,836</u>

In 2013, an advance towards the investment in Banader Hotels Company B.S.C., a company listed on the Bahrain Bourse, amounting to BD 96,631 (called amount), was transferred to available-for-sale investment.

Movements in the provision for impairment in the value of available-for-sale investments were as follows:

	2014 BD	2013 BD
At 1 January	475,718	351,805
Recognised during the year	165,047	169,335
Relating to disposal of investments	(89,147)	(45,422)
At 31 December	<u>551,618</u>	<u>475,718</u>

Quoted investments

The fair values of the quoted equity investments are determined by reference to published price quotations in active markets.

Unquoted investments

The fair values of unquoted investments have been estimated using indicative bids provided by the fund administrators, recent arm's length market transactions, current fair value of another similar instrument or other appropriate valuation techniques. For the real estate funds, there are no readily observable market prices available and hence, these funds are carried at cost.

Notes to the Consolidated Financial Statements

At 31 December 2014

12 FAIR VALUE HIERARCHY

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

		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
31 December 2014					
Assets measured at fair value					
Available-for-sale investments (note 11)					
Quoted	31 December 2014	6,634,446	-	-	6,634,446
Unquoted	31 December 2014	-	-	2,681,920	2,681,920
		<u>6,634,446</u>	<u>-</u>	<u>2,681,920</u>	<u>9,316,366</u>

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 December 2014.

		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
31 December 2013					
Assets measured at fair value					
Available-for-sale investments (note 11)					
Quoted	31 December 2013	6,172,255	-	-	6,172,255
Unquoted	31 December 2013	-	-	2,811,764	2,811,764
		<u>6,172,255</u>	<u>-</u>	<u>2,811,764</u>	<u>8,984,019</u>

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 December 2013.

During the reporting periods ended 31 December 2014 and 31 December 2013, 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 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.

Notes to the Consolidated Financial Statements

At 31 December 2014

12 FAIR VALUE HIERARCHY (continued)

Reconciliation of fair value measurements of Level 3 financial instruments
Movements in the fair values of financial assets classified as level 3 category were as follows:

	2014 BD	2013 BD
At 1 January	2,811,764	2,307,744
Changes in fair value	(129,844)	504,020
At 31 December	<u>2,681,920</u>	<u>2,811,764</u>

13 INVENTORIES

	2014 BD	2013 BD
Goods for sale	4,489,429	3,308,273
Raw materials and consumables [net of provision for slow moving and obsolete inventories of BD 171,699 (2013: BD 162,736)]	2,278,247	2,680,204
Goods-in-transit	1,429,864	1,601,524
Finished goods [net of provision for slow moving and obsolete inventories of BD 8,345 (2013: BD 9,528)]	743,236	766,078
Spare parts and other items [net of allowance for slow moving and obsolete inventories of BD 391,920 (2013: BD 348,636)]	254,174	262,644
	<u>9,194,950</u>	<u>8,618,723</u>

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

	2014			
	Raw materials and consumables BD	Finished goods BD	Spare parts and other items BD	Total BD
At 1 January 2014	162,736	9,528	348,636	520,900
Charge for the year	8,963	-	43,284	52,247
Amounts written off	-	(1,183)	-	(1,183)
At 31 December 2014	<u>171,699</u>	<u>8,345</u>	<u>391,920</u>	<u>571,964</u>

	2013			
	Raw materials and consumables BD	Finished goods BD	Spare parts and other items BD	Total BD
At 1 January 2013	143,180	10,252	305,330	458,762
Charge for the year	19,556	9,195	43,306	72,057
Amounts written off	-	(9,919)	-	(9,919)
At 31 December 2013	<u>162,736</u>	<u>9,528</u>	<u>348,636</u>	<u>520,900</u>

Notes to the Consolidated Financial Statements

At 31 December 2014

14 TRADE AND OTHER RECEIVABLES

	2014 BD	2013 BD
Trade receivables [net of allowance for impairment of BD 465,950 (2013: BD 536,943)]	8,127,823	8,032,917
Trade receivables-related parties (note 31)	133,545	207,689
	<u>8,261,368</u>	<u>8,240,606</u>
Other receivables	488,174	495,150
Prepayments	136,667	269,134
Advance towards an investment	18,266	18,000
Due from related parties (note 31)	10,452	19,818
Deposits	52,576	70,102
	<u>8,967,503</u>	<u>9,112,810</u>

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

- Trade receivables are non-interest bearing and are normally settled on 60 to 90 day terms.
- For terms and conditions of trade receivables - related parties and amounts due to related parties, refer to note 31.
- Other receivables are non interest-bearing and have terms ranging between one and three months.
- Advance towards an investment represents an advance towards subscription of share capital of Conference and Exhibition Company, an unquoted company amounting to BD 18,266 (2013: BD 18,000).

As at 31 December 2014, trade receivables at a value of BD 465,950 (2013: BD 536,943) were impaired and fully provided for. For explanations on the Group's credit risk management processes, refer to note 33.

Movements in the allowance for impairment of trade receivables were as follows:

	2014 BD	2013 BD
At 1 January	536,943	518,123
Charge for the year	83,197	75,381
Amounts written off	(154,190)	(56,561)
At 31 December	<u>465,950</u>	<u>536,943</u>

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

	Total BD	Neither past due nor impaired BD	Past due but not impaired		
			Less than 30 days BD	30 to 60 days BD	More than 60 days BD
2014	<u>8,261,368</u>	<u>3,836,875</u>	<u>2,017,203</u>	<u>1,359,874</u>	<u>1,047,416</u>
2013	<u>8,240,606</u>	<u>3,828,930</u>	<u>2,024,767</u>	<u>1,311,750</u>	<u>1,075,159</u>

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over trade receivables.

Notes to the Consolidated Financial Statements

At 31 December 2014

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows consist of the following amounts:

	2014 BD	2013 BD
Bank balances and cash	591,874	1,516,043
Bank overdrafts	(1,777,965)	(2,055,120)
Cash and cash equivalents as at 31 December	<u>(1,186,091)</u>	<u>(539,077)</u>

Bank overdrafts are denominated mainly in Bahraini Dinars and United States Dollars and carry interest at commercial rates.

At 31 December 2014, the Group had BD 9,539,486 (2013: BD 7,328,369) of undrawn borrowing facilities in respect of which all conditions had been met.

16 DISCONTINUED OPERATIONS

Qatari Bahraini Food Trading Company L.L.C. ['QBC'] (an associate), a company incorporated in the State of Qatar, is currently under liquidation process. Accordingly, assets and results for period of QBC are classified as assets held for liquidation and discontinued operations.

The results for the year from discontinued operations are presented below::

	2014 BD	2013 BD
<i>Associate's summarised statement of comprehensive income:</i>		
General and administrative expenses and loss for the year	(233,658)	(96,000)
Group's share of results for the year from discontinued operations	<u>(116,829)</u>	<u>(48,000)</u>

The Group has an advance of BD 116,829 as at 31 December 2013 which is fully provided during the year. The Group classified the advance as asset held for liquidation in prior years.

There were no cash flows from QBC during the years ended 31 December 2014 and 31 December 2013.

17 SHARE CAPITAL

	2014 BD	2013 BD
Authorised:		
100,000,000 (2013: 100,000,000) shares of BD 0.100 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and fully paid-up:		
80,675,052 (2013: 80,675,052) shares of BD 0.100 each	<u>8,067,505</u>	<u>8,067,505</u>

Notes to the Consolidated Financial Statements

At 31 December 2014

17 SHARE CAPITAL (continued)

a) Distribution of share capital is as follows:

Categories	31 December 2014			31 December 2013		
	Number of shares	Number of shareholders	% of total outstanding share capital	Number of shares	Number of shareholders	% of total outstanding share capital
Less than 1%	43,430,273	3,125	54	43,395,369	3,143	54
1% up to less than 5%	28,811,133	14	36	28,846,037	14	36
10% up to less than 20%	8,433,646	1	10	8,433,646	1	10
	<u>80,675,052</u>	<u>3,140</u>	<u>100</u>	<u>80,675,052</u>	<u>3,158</u>	<u>100</u>

b) The name and nationality of the major shareholder, holding more than 5% of the issued share capital of the Company and the number of shares held by him is as follows:

Name	Nationality	Number of shares
Abdulhameed Zainal Mohamed Zainal	Bahraini	8,433,646

18 TREASURY SHARES

Treasury shares represent 2,535,229 (2013: 2,516,129) shares amounting to BD 564,821 (2013: BD 560,224), representing 3.14% (2013: 3.12%) of the issued share capital, held by the Company.

19 SHARE PREMIUM

The share premium arose on the issue of shares in 2000 and rights shares issued in 2008 and is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law.

20 STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital.

The reserve cannot be utilised for the purpose of a distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

21 GENERAL RESERVE

The transfer to the general reserve has been made in accordance with the articles of association of the Company. The Company may resolve to discontinue such annual transfers, when deemed appropriate. There are no restrictions on the distribution of this reserve.

22 CUMULATIVE CHANGES IN FAIR VALUE RESERVE

This reserve relates to fair value changes of available-for-sale investments, changes in fair value of associate's available-for-sale investments and exchange difference on translation of foreign operations.

Notes to the Consolidated Financial Statements

At 31 December 2014

23 RETAINED EARNINGS - NOT DISTRIBUTABLE

This represents the Group's share in the statutory reserves of its subsidiaries and is not available for distribution.

24 DIVIDENDS PAID AND PROPOSED

At the annual general meeting of the shareholders held on 30 March 2014, a cash dividend of 13 fils per share, excluding treasury shares, totaling BD 1,016,066 for the year ended 31 December 2013 was declared and paid (2013: 12 fils per share, excluding treasury shares, totaling BD 937,907 relating to 2012).

A cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,172,097 (2013: cash dividend of 13 fils per share, excluding treasury shares, totaling BD 1,016,066) has been proposed by Board of Directors and will be submitted for formal approval of shareholders at the Annual General Meeting.

25 TERM LOANS

	2014 BD	2013 BD
a) Loan from Ahli United Bank B.S.C. - 1	520,842	-
b) Loan from Ahli United Bank B.S.C. - 2	354,168	437,501
c) Loan from Habib Bank Limited	333,333	500,000
d) Loan from Ahli United Bank B.S.C. - 3	146,714	203,522
e) Loan from Ahli United Bank B.S.C. - 4	114,592	177,088
f) Loan from Tetra Laval	20,668	47,651
g) Auto-Finance loan - 1	19,440	33,325
h) Auto-Finance loan - 2	1,984	13,453
i) Loan from National Bank of Bahrain B.S.C.	-	332,000
j) Loan from Ahli United Bank B.S.C. - 5	-	124,997
k) Loan from Ahli United Bank B.S.C. - 6	-	83,330
	<u>1,511,741</u>	<u>1,952,867</u>

The term loans are presented in the consolidated statement of financial position as follows:

	2014 BD	2013 BD
Non-current	854,341	990,988
Current	657,400	961,879
	<u>1,511,741</u>	<u>1,952,867</u>

Loans instalments payable within twelve months from the consolidated statement of financial position date are disclosed as current portion and remaining are disclosed as non-current.

a) The term loan has been obtained from Ahli United Bank B.S.C. for purchase of a land located in Hidd and is denominated in Bahraini Dinars. The loan is repayable in 36 equal monthly instalments of BD 20,833 (2013: nil), which commenced in January 2014 and carries interest at the rate of BIBOR plus 2.25% per annum (2013: nil). The term loan is secured by promissory notes issued by the Group.

Notes to the Consolidated Financial Statements

At 31 December 2014

25 TERM LOANS (continued)

- b) The term loan has been obtained from Ahli United Bank B.S.C. for working capital purpose and is denominated in Bahraini Dinars. The loan is repayable in 24 equal quarterly instalments of BD 20,833 (2013: BD 20,833), which commenced in February 2013 and carries interest at the rate of three months BIBOR plus 3% per annum (2013: three months BIBOR plus 3%). The term loan is secured by promissory notes issued by the Group.
- c) The term loan has been obtained from Habib Bank Limited for working capital purpose and is denominated in Bahraini Dinars. The loan is repayable in 12 equal quarterly instalments of BD 41,667 (2013: 41,667), which commenced in October 2013 and carries interest at the rate of three months BIBOR plus 2% (2013: three months BIBOR plus 2%) per annum. The term loan is secured by promissory notes issued by the Group.
- d) The term loan has been obtained from Ahli United Bank B.S.C. for capital expenditure and is denominated in Bahraini Dinars. The loan is repayable in 60 varying monthly instalments, which commenced in August 2012 and carries interest at the rate of three months BIBOR plus 3.0% (2013: three months BIBOR plus 3.0%) per annum. The term loan is secured by promissory notes issued by the Group.
- e) The term loan has been obtained from Ahli United Bank B.S.C. for working capital purpose and is denominated in Bahraini Dinars. The loan is repayable in 48 equal monthly instalments of BD 5,208 (2013: BD 5,208), which commenced in November 2012 and carries interest at the rate of three months BIBOR plus 3.0% (2013: three months BIBOR plus 3.0%) per annum. The term loan is secured by promissory notes issued by the Group.
- f) This loan has been provided under an asset finance scheme from Tetra Laval Credit AB towards the purchase of an ice-cream filling machine with a net book value of BD 130,892 (2013: BD 142,308). The loan is denominated in Euros and is repayable in 16 varying quarterly instalments, which commenced in December 2011. The loan carries interest at the rate of 3 months Euribor plus 2.2% (2013: 3 months Euribor plus 2.2%) per annum. The loan is secured against the ice-cream filling machine financed through the loan.
- g) The loan has been obtained for the purchase of motor vehicles and is denominated in Kuwaiti Dinars. These loans are repayable in varying monthly instalments latest by March 2016 and carries effective interest rate of 11.10% per annum (2013: 11.10%). The loan is secured against the motor vehicles financed through the loan (refer to note 9).
- h) The loan has been obtained for the purchase of motor vehicles and are denominated in Bahraini Dinars. These loans are repayable in varying monthly instalments latest by October 2015 and carry effective interest rate of 5.81% (2013: 5.81%) per annum. These loans are secured against the motor vehicles finance though the loans (refer to note 9).
- i) The loan was obtained from National Bank of Bahrain B.S.C. for working capital purpose and was denominated in Bahraini Dinars and carried interest at the rate of three months BHIBOR plus 2.5% per annum. The loan was fully repaid during the year. The loan was secured by promissory notes issued by the Group.
- j) The loan was obtained from Ahli United Bank B.S.C. for working capital purpose and was denominated in Bahraini Dinars and carried interest at the rate of three months BIBOR plus 2.25% per annum. The loan was fully repaid during the year. The loan was secured by promissory notes issued by the Group.
- k) The loan was obtained from Ahli United Bank B.S.C. for working capital purpose and was denominated in Bahraini Dinars and carries interest at the rate of three months BIBOR plus 2.25% per annum. The loan was fully repaid during the year. The loan was secured by promissory notes issued by the Group.

The terms of the loan agreements require compliance with certain covenants relating to financial ratios and the declaration of dividends to shareholders.

Notes to the Consolidated Financial Statements

At 31 December 2014

26 EMPLOYEES' END OF SERVICE BENEFITS

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

	2014 BD	2013 BD
At 1 January	982,879	940,145
Provided during the year (note 7)	167,503	184,493
Paid during the year	(148,623)	(141,759)
At 31 December	<u>1,001,759</u>	<u>982,879</u>

27 LOAN FROM NON-CONTROLLING INTERESTS

The loan is unsecured and has no set repayment terms. The loan carries an effective interest rate of 5% (2013: 5%) per annum

28 TRADE AND OTHER PAYABLES

	2014 BD	2013 BD
Trade payables	3,019,331	3,399,356
Due to related parties (note 31)	342,958	354,259
Accrued expenses	860,750	778,389
Unclaimed dividends	481,935	408,534
Other payables	291,539	264,680
	<u>4,996,513</u>	<u>5,205,218</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms.
- For terms and conditions relating to amounts due to related parties, refer to note 31.
- Other payables are non-interest bearing and have average terms ranging between one to three months.

For explanations on the Group's credit risk management processes, refer to note 33.

29 IMPORT LOANS

These represent loans obtained from commercial banks for the import of raw materials and finished goods with a weighted average effective interest rate of 3.4% (2013: 3.4%) per annum and secured by promissory notes issued by the Group.

30 MATERIAL PARTLY-OWNED SUBSIDIARY

The Group hold 51% shareholding in Awal Dairy Company W.L.L., a subsidiary incorporated in the Kingdom of Bahrain and engaged in production and supply of milk, juices, ice cream and tomato paste.

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

Notes to the Consolidated Financial Statements

At 31 December 2014

30 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2014 BD	2013 BD
Summarised statement of comprehensive income:		
Sales	13,416,995	14,388,821
Other operating income	64,367	88,249
Cost of sales	(10,673,787)	(11,315,217)
Selling and distribution expenses	(1,175,601)	(1,316,166)
Personnel costs	(1,123,787)	(1,047,396)
General and administrative expenses	(305,190)	(298,972)
Finance costs	(164,517)	(177,998)
Depreciation	(93,732)	(92,562)
Exchange losses	(8,715)	(1,576)
(Loss) / profit for the year	(63,967)	227,183
Other comprehensive income	(51,082)	156
Total comprehensive (loss) income	(115,049)	227,339
Attributable to non-controlling interests	(56,374)	111,396

During the year, no dividends were paid to non-controlling interest (2013: nil).

	2014 BD	2013 BD
Summarised statement of financial position:		
Inventories and cash and bank balances (current)	3,431,851	3,841,917
Property, plant and equipment and other non-current assets	1,660,676	1,884,027
Trade and other receivables (current)	3,341,056	3,242,889
Trade and other payable (current)	(1,897,805)	(2,042,401)
Bank overdrafts (current)	(1,369,043)	(1,598,695)
Interest-bearing loans and borrowing liabilities (current)	(915,104)	(880,911)
Interest-bearing loans and borrowing liabilities (non-current)	(1,353,899)	(1,446,895)
Employees' end of service benefits (non-current)	(411,283)	(398,433)
Equity	2,486,449	2,601,498
Attributable to:		
Equity holders of parent	1,268,089	1,326,764
Non-controlling interest	1,218,360	1,274,734
	2,486,449	2,601,498

	2014 BD	2013 BD
Summarised statement of cash flows information:		
Net cash flows from (used in) operating activities	520,998	(90,911)
Net cash flows used in investing activities	(168,128)	(165,272)
Net cash flows (used in) from financing activities	(58,802)	1 87,228
Foreign currency translation adjustment	(51,082)	156
Net increase (decrease) in cash and cash equivalents	242,986	(68,799)

Notes to the Consolidated Financial Statements

At 31 December 2014

31 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors, companies having common directors and key management personnel of the Group, 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 and balances with related parties included in the consolidated statement of financial position and consolidated statement of income are as follows:

Name	Relationship	Nature of transactions
Bahrain Livestock Company B.S.C. (c)	Associated company	Services rendered and dividend received.
Qatari Bahraini Food Trading Co. L.L.C.	Associated company	Company is under liquidation process.
Yousuf Abdul Rehman Engineer Holding W.L.L.	Common director	Services received.
Intershield W.L.L.	Common director	Insurance services.
United Paper Industries B.S.C.	Common director	Purchases of packaging materials.
Delmon Poultry Company B.S.C.	Common director	Purchases and dividend received.
Manama Travel Centre	Common director	Services received.
Mohammad Jalal Group	Common director	Purchases and sales of goods.
Saleh Al Saleh Company W.L.L.	Common director	Purchases and sales of goods.
Ebrahim K Kanoo B.S.C. (c)	Common director	Purchase of spare parts and services received.
Mohamed Ali Zainal Abdulla (MAZA) B.S.C. (c)	Common director	Purchases and sales of goods.
Fakhro Electronics W.L.L.	Common director	Sales.
National Transport Establishment	Common director	Services received.
Budget - Rent a car	Common director	Services received.
Bahrain Cinema Company B.S.C.	Common director	Sales.
Khalid Almoayed and Sons W.L.L.	Common director	Purchases.
BMMI B.S.C.	Common director	Purchases, sales of goods and dividend received.
The Food Supply Company W.L.L.	Common director	Sales of goods.
BANZ Group B.S.C. (c)	Common director	Sales and dividend received.
Abdulla Yusif Fakhro and Sons	Common director	Sales of goods and services received.

	Sales BD	Purchase of goods and services BD	Other operating income BD	Trade receivables BD	Due from related parties BD	Due to related parties BD
31 December 2014						
Associated companies	-	-	227,631	-	10,452	149
Common directors	1,143,298	923,003	279,632	133,545	-	342,809
	<u>1,143,298</u>	<u>923,003</u>	<u>507,263</u>	<u>133,545</u>	<u>10,452</u>	<u>342,958</u>
31 December 2013						
Associated companies	-	6,977	213,286	-	19,818	149
Common directors	1,019,484	1,418,075	270,842	207,689	-	354,110
	<u>1,019,484</u>	<u>1,425,052</u>	<u>484,128</u>	<u>207,689</u>	<u>19,818</u>	<u>354,259</u>

Notes to the Consolidated Financial Statements

At 31 December 2014

31 RELATED PARTY TRANSACTIONS (continued)

Terms and conditions of transactions with related parties

Purchases from and sales to related parties are made at normal market prices. Outstanding balances at the year-end arise in the normal course of business, are unsecured, interest free and settlement occurs in cash. For the years ended 31 December 2014 and 31 December 2013, the Group has not recorded any impairment of amounts owed by related parties.

Qatari Bahraini Food Trading Company L.L.C. ['QBC'] (an associate), a company incorporated in the State of Qatar, is currently under liquidation process. Accordingly, assets and results for period of QBC are classified as assets held for liquidation and discontinued operations, refer to note 16.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2014 BD	2013 BD
Directors' remuneration	95,000	90,000
Directors' fees	55,400	24,375
	150,400	114,375
Short-term benefits	259,341	256,172
Employees' end of service benefits	9,373	11,040
Bonuses	12,588	11,925
	281,302	279,137
	431,702	393,512

The details of total ownership interest held by the directors as at 31 December are as follows:

Name	Relationship	Number of shares held	
		2014	2013
(i) Mr Ebrahim Mohamed Ali Zainal	Chairman	1,888,137	1,888,137
(ii) Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	542,227	542,227
(iii) Mr Khalid A.Rahman Khalil Almoayed	Director and Executive Committee member	491,545	491,545
(iv) Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee member	1,583,161	1,583,161
(v) Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	295,809	295,809
(vi) Mr Sami Mohamed Yusuf Jalal	Director	203,901	203,901
(vii) Mr Jehad Yusuf Abdulla Amin	Director	450,000	450,000
(viii) Mr A. Redha Mohamed Redha Aldailami	Director	250,184	250,184
(ix) Mr Ali Yusuf A.Rahman A. Rahim	Director	211,075	211,075
(x) Mr Fuad Ebrahim Khalil Kanoo	Director	149,660	149,660
		% of shareholding	
		2014	2013
(i) Mr Ebrahim Mohamed Ali Zainal	Chairman	2.34	2.34
(ii) Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	0.67	0.67
(iii) Mr Khalid A.Rahman Khalil Almoayed	Director and Executive Committee member	0.61	0.61
(iv) Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee member	1.96	1.96
(v) Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	0.37	0.37
(vi) Mr Sami Mohamed Yusuf Jalal	Director	0.25	0.25
(vii) Mr Jehad Yusuf Abdulla Amin	Director	0.56	0.56
(viii) Mr A. Redha Mohamed Redha Aldailami	Director	0.31	0.31
(ix) Mr Ali Yusuf A.Rahman A. Rahim	Director	0.26	0.26
(x) Mr Fuad Ebrahim Khalil Kanoo	Director	0.19	0.19

Notes to the Consolidated Financial Statements

At 31 December 2014

32 COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

Estimated capital expenditure contracted for at the reporting date but not provided for is as follows:

	2014 BD	2013 BD
Property, plant and equipment	26,330	96,342

All of the above commitments are expected to be settled within one year.

(b) Operating lease commitments

The Group has entered into commercial leases for its office premises and production and storage facilities. These leases have remaining terms ranging between 1 year to 8 years and are renewable at the Group's option.

Future minimum rentals payable under operating leases as at 31 December, were as follows:

	2014 BD	2013 BD
Within one year	196,458	178,098
After one year but not more than five years	233,478	214,074
Total operating lease expenditure contracted for at the reporting date	429,936	392,172

(c) Guarantees:

At 31 December 2014, tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, amount to BD 547,925 (2013: BD 433,033).

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group's principal financial liabilities comprise term loans, loan from non-controlling interests, import loans, certain portion of trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finance for the Group's operations and capital expenditure. The Group has certain portion of trade and other receivables and bank balances and cash that arise directly from its operations. The Group also holds available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk.

Executive Committee

The Executive Committee is responsible for evaluating and approving business and risk strategies, plans and policies of the Group and market and liquidity risks pertaining to the Group's investment activities by optimising liquidity and maximising returns from the funds available to the Group.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

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, foreign currency risk and equity price risk. Financial instruments affected by market risk include available-for-sale investments, certain trade and other receivables, term loans, import loans, certain portion of trade and other payables and bank overdrafts.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at 31 December 2014.

Notes to the Consolidated Financial Statements

At 31 December 2014

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

The analysis excludes the impact of movements in market variables on the non-financial assets and liabilities of foreign operations.

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

- a) The statement of financial position sensitivity relates to available-for-sale investments;
- b) The sensitivity of the relevant consolidated statement of income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2014 and 31 December 2013; and
- c) The sensitivity of equity is calculated by considering the effect of available-for-sale investments at 31 December 2014 and 31 December 2013 for the effects of the assumed changes of the underlying risk.

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 interest rates. The Group is exposed to interest rate risk on its floating interest rate bearing liabilities (bank overdrafts and certain term loans).

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant. The Group's profit for the year is affected through the impact on floating interest bearing bank overdrafts and certain term loans, as follows:

	2014		2013	
Increase (decrease) in basis points	+100	-50	+100	-50
(Decrease) increase in profit [in BD]	(32,683)	16,341	(39,612)	19,806

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 is denominated in a different currency from the Group's functional currency).

Other than trade payables of BD 69,445 (2013: BD 81,787) and term loan of BD 21,918 (2013: BD 49,078) due in foreign currencies, mainly Australian Dollar, Jordanian Dinar, Swiss Francs, Great British Pound, Kuwaiti Dinars and Euros (2013: mainly Australian Dollar, Jordanian Dinar, Swiss Francs, Great British Pound, Kuwaiti Dinars and Euros), the Group is not exposed to a significant currency risk. A 5% change in foreign exchange rates will not have a significant effect on the Group's performance.

As the Bahraini Dinar is pegged to the United States (US) Dollar, balances in US Dollars and currencies pegged to the US Dollar are not considered to represent a significant currency risk.

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer, or factors affecting all investments traded in the market.

The Group manages the equity price risk through diversification and placing limit on individual and total equity investments. Reports on the investment portfolio are submitted to the Executive Committee on a regular basis. The Executive Committee reviews and approves all investment decisions.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity fair value, with all other variables held constant. The effect of decreases in the value of equity would have an impact on the consolidated statement of income or on the consolidated statements of comprehensive income and changes in equity attributable to the Group, depending on whether or not the decline is significant or prolonged. An increase in the fair value of the equities would only impact the consolidated statements of comprehensive income and changes in equity but would not have an effect on the consolidated statement of income.

Notes to the Consolidated Financial Statements

At 31 December 2014

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Equity Price Risk (continued)

	Change in equity's fair value	Effect on the consolidated statement of income		Effect on the consolidated statements of comprehensive income and changes in equity	
		2014 BD	2013 BD	2014 BD	2013 BD
<i>Quoted investments</i>					
- Bahrain	10%	-	-	595,778	516,026
	-10%	(10,823)	(43,935)	(584,955)	(472,091)
- other GCC countries	10%	-	-	67,667	101,199
	-10%	(14,761)	(17,713)	(52,906)	(83,486)
<i>Unquoted investments at fair value</i>					
- equities	10%	-	-	211,533	208,584
	-10%	-	(2,048)	(211,533)	(206,536)
- funds	10%	-	-	56,660	72,592
	-10%	(1,567)	(26,757)	(55,093)	(45,835)

The Group also has certain unquoted investments carried at cost where the impact of changes in equity prices will only be reflected in the consolidated statement of income when the investment is sold or deemed to be impaired.

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 financing activities, including bank balances and other financial instruments.

Trade and other receivables

Credit risk related to trade and other receivables is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating criteria and individual credit limits are defined in accordance with this assessment. Outstanding trade receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data.

Credit risk concentrations

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group sells its products to a large number of wholesalers and retailers. Its five largest customers account for 23% (2013: 18%) of the outstanding trade receivables at 31 December 2014.

Bank balances

Credit risk arising from bank balances is from default of the counterparty. The Group limits credit risk by dealing only with reputable banks.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position headings without taking account of any collateral and other credit enhancements.

	2014 BD	2013 BD
Trade receivables	8,261,368	8,240,606
Bank balances	426,219	1,404,295
Other receivables	488,174	495,150
Deposits	52,576	70,102
Due to related parties	10,452	19,818
	<u>9,238,789</u>	<u>10,229,971</u>

Notes to the Consolidated Financial Statements

At 31 December 2014

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will have difficulties in meeting its commitments. The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sale require amounts to be paid within 60 to 90 days of the date of sale. Trade payables are also normally settled within 60 to 90 days of the date of purchase/shipment.

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

	On demand BD	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	Total BD
2014					
Trade and other payables	579,264	3,136,689	419,810	-	4,135,763
Bank overdrafts	1,797,967	-	-	-	1,797,967
Term loans	-	190,263	483,847	908,241	1,582,351
Import loans	-	4,870,032	859,417	-	5,729,449
Loan from non-controlling interests	-	7,838	25,313	750,599	783,750
	<u>2,377,231</u>	<u>8,204,822</u>	<u>1,788,387</u>	<u>1,658,840</u>	<u>14,029,280</u>
	On demand BD	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	Total BD
2013					
Trade and other payables	644,782	3,332,692	4 49,355	-	4,426,829
Bank overdrafts	2,078,240	-	-	-	2,078,240
Term loans	-	275,804	720,312	1,041,910	2,038,026
Import loans	-	4,458,734	589,128	-	5,047,862
Loan from non-controlling interests	-	7,838	25,313	781,949	815,100
	<u>2,723,022</u>	<u>8,075,068</u>	<u>1,784,108</u>	<u>1,823,859</u>	<u>14,406,057</u>

Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividends payment to shareholders, repurchase of own shares, or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total debt (i.e. term loans, loan from non-controlling interests, trade and other payables, import loans and net cash and cash equivalents). Equity comprises all components of equity (i.e. share capital, share premium, statutory reserve, general reserve, retained earnings-distributable, retained earnings-not distributable, changes in fair values and proposed appropriations).

Notes to the Consolidated Financial Statements

At 31 December 2014

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

	2014 BD	2013 BD
Term loans	1,511,741	1,952,867
Loan from non-controlling interests	627,000	627,000
Trade and other payables	4,996,513	5,205,218
Import loans	5,681,159	5,005,317
Net bank overdrafts	1,186,091	539,077
Net debt	14,002,504	13,329,479
Total equity attributable to the owners of the parent	23,401,557	22,433,591
Debt-to-equity ratio	60%	59%

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Fair value of financial instruments

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

- Bank balances and cash, bank overdrafts, certain portion of trade and other receivables and certain portion of trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments;
- term loans, loan from non-controlling interests, import loans are evaluated by the Group based on parameters such as interest rates. As at 31 December 2014, the carrying amounts are not materially different from their fair values; and
- Fair value of quoted available-for-sale investments is derived from quoted market prices in active markets or in the case of unquoted available-for-sale investments, using appropriate valuation techniques.

Fair values of non-financial assets of liabilities

The Group does not have any non-financial assets or liabilities which have been measured at fair value as at 31 December 2014 and 31 December 2013.

Fair value hierarchy

For fair value hierarchy of the Group's assets and liabilities refer to note 12.

Financial instruments by category

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the consolidated statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Financial assets	Loans and receivables	Available-for-sale investments	Total
At 31 December 2014	BD	BD	BD
Available-for-sale investments	-	9,669,590	9,669,590
Trade and other receivables	8,812,570	-	8,812,570
Bank balances and cash	591,874	-	591,874
	<u>9,404,444</u>	<u>9,669,590</u>	<u>19,074,034</u>
At 31 December 2013	BD	BD	BD
Available-for-sale investments	-	9,366,836	9,366,836
Trade and other receivables	8,825,676	-	8,825,676
Bank balances and cash	1,516,043	-	1,516,043
	<u>10,341,719</u>	<u>9,366,836</u>	<u>19,708,555</u>

Notes to the Consolidated Financial Statements

At 31 December 2014

34 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities at amortised cost

	2014 BD	2013 BD
Import loans	5,681,159	5,005,317
Trade and other payables	4,135,763	4,426,829
Bank overdrafts	1,777,965	2,055,120
Term loans	1,511,741	1,952,867
Loan from non-controlling interests	627,000	627,000
	<u>13,733,628</u>	<u>14,067,133</u>

35 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

Imported foodstuff - Wholesale	Import and distribution of foodstuff.
Imported foodstuff - Retail	Import and distribution of foodstuff through supermarkets.
Investments	Investment in quoted and unquoted securities (including investments in an associate).
Dairy products and beverages	Production, processing and distribution of dairy products, juices, ice-cream, bottling of water and other items.
Fruits and vegetables	Import and distribution of fruits, vegetables and other food items.
Storage and logistics	Providing storage and logistics services.
Discontinued operations	Share of results of an associate which is under liquidation.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained later in a table, is measured differently from operating profit or loss 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.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, trade and other receivables and bank balances and cash. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments are allocated to the segments on a reasonable basis.

Revenue from operations for the year ended 31 December 2014 in the State of Kuwait amounted to BD 2,108,416 (2013: BD 2,467,039) and loss for the year ended 31 December 2014 amounted to BD 350,352 (2013: BD 188,670). All remaining revenue and profit for the year is generated from the primary geographical segment in the Kingdom of Bahrain.

Total assets in the State of Kuwait amounted to BD 1,005,438 (2013: BD 1,117,247) and total liabilities amounted to BD 922,926 (2013: BD 1,034,105). All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

Inter-segment revenues, transactions, assets and liabilities are eliminated upon consolidation and reflected in the adjustment and eliminations column.

Notes to the Consolidated Financial Statements

At 31 December 2014

35 SEGMENT REPORTING (continued)

	<i>Imported foodstuff</i>				<i>Investments</i>		<i>Dairy products and beverages</i>	
	<i>Wholesale</i>		<i>Retail</i>		2014	2013	2014	2013
	2014	2013	2014	2013				
Sales - third parties	18,220,735	18,365,710	2,794,626	3,424,174	-	-	14,517,398	15,577,668
Sales - inter segments	1,370,955	1,577,168	-	-	-	-	57,738	59,949
Total sales	19,591,690	19,942,878	2,794,626	3,424,174	-	-	14,575,136	15,637,617
Cost of sales	(16,531,811)	(16,642,171)	(2,464,890)	(3,024,258)	-	-	(11,593,364)	(12,270,924)
Gross profit	3,059,879	3,300,707	329,736	399,916	-	-	2,981,772	3,366,693
Storage income	2,684	31,944	-	-	-	-	-	-
Other operating income	216,777	216,398	33,374	52,673	-	-	130,782	125,362
Other expenses (excluding depreciation)	(2,349,986)	(2,312,030)	(283,702)	(420,728)	-	-	(2,951,948)	(3,025,567)
Depreciation	(108,377)	(114,292)	(23,536)	(39,303)	-	-	(114,124)	(115,060)
Profit (loss) from operations	820,977	1,122,727	55,872	(7,442)	-	-	46,482	351,428
Investment income (including share of results from an associates)	-	-	-	-	1,204,656	753,431	-	-
Finance costs	(135,039)	(139,559)	(5,554)	(5,828)	-	-	(191,363)	(220,404)
Exchange gains	-	-	-	-	-	-	(8,716)	(1,575)
Impairment of available-for-sale investments	-	-	-	-	(165,047)	(169,335)	-	-
Profit (loss) for the year	685,938	983,168	50,318	(13,270)	1,039,609	584,096	(153,597)	129,449
Capital expenditure	1,552,535	100,560	4,453	30,026	-	-	259,295	219,636
Assets	15,687,085	14,697,892	799,259	769,324	14,958,939	14,410,424	9,729,425	10,450,803
Liabilities	7,640,491	7,203,140	619,549	639,932	-	-	6,853,635	7,370,335

Notes to the Consolidated Financial Statements

At 31 December 2014

<i>Fruits and vegetables</i>		<i>Storage and logistics</i>		<i>Discontinued operations</i>		<i>Adjustments and eliminations</i>		<i>Total</i>	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
4,720,074	4,479,991	-	-	-	-	-	-	40,252,833	41,847,543
6 2,192	123,405	-	-	-	-	(1,490,885)	(1,760,522)	-	-
4,782,266	4,603,396	-	-	-	-	(1,490,885)	(1,760,522)	40,252,833	41,847,543
(4,057,957)	(3,976,138)	-	-	-	-	1,490,885	1,760,522	(33,157,137)	(34,152,969)
724,309	627,258	-	-	-	-	-	-	7,095,696	7,694,574
-	-	527,629	468,434	-	-	(133,826)	(164,708)	396,487	335,670
1,475	4,156	33,795	27,567	-	-	(230,761)	(203,189)	185,442	222,967
(552,299)	(523,272)	(423,893)	(401,808)	-	-	176,828	181,330	(6,385,000)	(6,502,075)
(76,727)	(76,536)	(25,504)	(25,311)	-	-	(16,511)	(16,511)	(364,779)	(387,013)
96,758	31,606	112,027	68,882	-	-	(204,270)	(203,078)	927,846	1,364,123
-	-	-	-	(116,829)	(48,000)	65,387	105,866	1,153,214	811,297
(58,773)	(61,224)	(143,464)	(149,989)	-	-	187,759	186,567	(346,434)	(390,437)
-	-	-	-	-	-	-	-	(8,716)	(1,575)
-	-	-	-	-	-	-	-	(165,047)	(169,335)
37,985	(29,618)	(31,437)	(81,107)	(116,829)	(48,000)	48,876	89,355	1,560,863	1,614,073
49,684	42,413	57,704	29,685	-	-	-	-	1,923,671	422,320
2,677,721	2,697,699	4,376,609	4,630,630	-	116,829	(8,012,984)	(8,236,875)	40,216,054	39,536,726
1,877,721	1,919,173	3,613,866	3,836,313	-	-	(5,009,125)	(5,140,492)	15,596,137	15,828,401

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES

(i) Board, Board Members and Management

Board and Directors' Responsibilities

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

- Monitoring the overall business performance;
- Monitoring management performance and succession plan for Senior Management;
- Monitoring conflicts of interest and preventing abusive related party transactions;
- Accurate preparation of the year-end financial statements;
- Convening and preparing for the shareholders meetings;
- Recommend dividend payable to shareholders and ensure its execution;
- Adapt, implement and monitor compliance with Trafco Code of Business Conduct ('the Code');
- Review the Company's objectives and policies relating to social responsibilities; and
- Select, interview and appoint General Manager and other selected members of the Senior Management.

The Directors remain individually and collectively responsible for performing all of the Board of Director's tasks.

Material transactions requiring board approval

The following material transactions require review of the Board of Directors, evaluation and approval:

- The Company strategy;
- The Annual Budget;
- Major resource allocations and capital investments; and
- Management responsibilities and training, development and succession plan for Senior Management.

Procedures for election or removal of Directors

Election/re-election of the Directors take place every three years at the General Meeting of the shareholders. The last election of the directors was held on 26 March 2013.

Removal of Directors mandate usually occurs by dismissal at the General Meeting of the shareholders or by the Director's resignation from the Board.

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

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

The Board of Directors has adopted the Code and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Governments entities, communities, business partners and general workplace behaviour having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

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

Management

The following table summarises the information about the profession, designation/business title, experience in years and the qualifications of the Senior Management:

	Name of members of senior management	Designation / Business title	Experience in years	Qualification
1	Mr S Sridhar	General Manager	29	Fellow Member- Institute of Chartered Accountants of India
2	Mr Sameer Abdulla Alkhan	Assistant General Manager	32	Diploma in Human Resources
3	Mr T Soma Rajan	Group Financial Controller	43	Master's Degree in Business Administration
4	Mr Azzam M A Moutragi	Sales Manager	29	Master's Degree in Business Administration
5	Mr Ali Ramadan Shamlooh	Stores Manager	36	-
6	Mr Hussain A H A Bucheri	HR Manager	45	Diploma in Engineering
7	Mr P Palanisamy	Finance Manager	10	Associate Member of Institute of Chartered Accountants of India
8	Mr Sequeira Francisco	Maintenance Manager	30	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management

The remuneration paid to the Senior Management during the year was as follows:

	2014 BD	2013 BD
Salaries	259,341	256,172
Employees' end of service benefits	9,373	11,040
Bonuses	12,588	11,925
	<u>281,302</u>	<u>279,137</u>

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

Board of Directors and Board Members

The Board of Directors consists of 10 members as of 31 December 2014 and 31 December 2013 .

The members of the Board of Directors were elected on 26 March 2013 for a period of 3 years.

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

Board members	Profession	Business title	Executive/non executive independent/ non independent	Experience in years	Start date
1 Mr Ebrahim Mohamed Ali Zainal	Businessman	Chairman	Non-Executive / Independent	50	1978
2 Mr Yusuf Saleh Abdulla Alsaleh	Businessman	Vice Chairman	Non-Executive / Non-independent	51	1978
3 Dr Esam Abdulla Yousif Fakhro	Businessman	Director and Executive Committee member	Non-Executive / Independent	47	1995
4 Mr Khalid A.Rahman Khalil Almoayed	Businessman	Director and Executive Committee member	Non-Executive / Independent	48	1978
5 Mr A. Redha Mohamed Redha Aldailami	Businessman	Director	Non-Executive / Independent	58	1981
6 Mr Fuad Ebrahim Khalil Kanoo	Businessman	Director	Non-Executive / Independent	52	1994
7 Mr Ali Yusuf A.Rahman A. Rahim	Businessman	Director	Non-Executive / Independent	49	1994
8 Mr Sami Mohammed Yusuf Jalal	Businessman	Director	Non-Executive / Non-independent	41	1995
9 Mr Ebrahim Salahuddin Ahmed Ebrahim	Businessman	Director	Non-Executive / Independent	45	1995
10 Mr Jihad Yusuf Abdulla Amin	Businessman	Director	Non-Executive / Non-independent	36	1998

The following members of the Board of Directors are also the member of the other listed companies:

Number of directorships in other listed companies

Members

	2014	2013
Mr Ebrahim Mohamed Ali Zainal	1	2
Mr Yusuf Saleh Abdulla Alsaleh	2	3
Dr Esam Abdulla Yousif Fakhro	2	2
Mr Abdul Reda Mohamed Aldailami	1	1
Mr Ali Yusuf A.Rahman A.Rahim	-	1
Mr Sami Mohammed Yusuf Jalal	1	1
Mr Jihad Yusuf Abdulla Amin	4	4

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

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

Board of Directors and Board Members (continued)

During the year, 6 meetings of the Board of Directors (2013: 5 meetings) were held. The following table summarises the information about the members attendance in the Board of Directors meetings:

Meetings of Board of Directors held in 2014

Members	Business title	2014						%
		5 Jan	23 Feb	15 April	3 May	9 Aug	8 Nov	
Mr Ebrahim Mohamed Ali Zainal	Chairman	✓	✓	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	✓	✓	✓	✓	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	Director and Executive Committee member	x	✓	✓	✓	x	✓	67%
Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee member	✓	✓	✓	✓	✓	✓	100%
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	✓	✓	✓	✓	✓	100%
Mr Sami Mohamed Yusuf Jalal	Director	✓	✓	✓	✓	✓	✓	100%
Mr Jihad Yusuf Abdulla Amin	Director	✓	✓	✓	x	✓	✓	83%
Mr A. Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	Director	x	✓	✓	✓	✓	x	67%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	✓	✓	✓	✓	100%

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

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

Board of Directors and Board Members (continued)

Meetings of Board of Directors held in 2013

	Business title	2013					Attended	%
		12 January	3 March	4 May	3 August	2 November		
Members								
Mr Ebrahim Mohamed Ali Zainal	Chairman	✓	✓	✓	✓	✓	100%	
Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	✓	✓	✓	✓	✓	100%	
Mr Khalid A.Rahman Khalil Almoayed	Director and Executive Committee member	✓	x	✓	✓	✓	80%	
Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee member	✓	✓	✓	✓	✓	100%	
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	x	✓	✓	✓	80%	
Mr Sami Mohamed Yusuf Jalal	Director	✓	✓	x	✓	✓	80%	
Mr Jehad Yusuf Abdulla Amin	Director	✓	✓	✓	✓	✓	100%	
Mr A. Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	100%	
Mr Ali Yusuf A.Rahman A. Engineer	Director	✓	✓	x	x	✓	60%	
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	✓	✓	✓	100%	

Remuneration policy

The remuneration policy is based on attendance fees and basic fees paid to the members of the Board of Directors.

During the year, directors' remuneration and directors' fees paid to the members of the Board of Directors amounted to BD 95,000 (2013: 90,000) and BD 24,025 (2013: BD 13,425), respectively..

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Board Committees

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

Board's committee	Objective	Members	Executive/non-executive independent/non-independent
Executive (Investment & Finance, Corporate Governance)	The executive committee is formed to discuss matters with the company's management regarding senior staffing, financial performance, operational performance, strategies and all other issues as directed by the Board.	<ol style="list-style-type: none"> Mr Ebrahim Mohamed Ali Zainal (Chairman) Mr Yusuf Saleh Abdulla Alsaleh Dr Esam Abdulla Yousif Fakhro Mr Khalid A.Rahman Khalil Almoayed 	<p>Non-executive/ Independent</p> <p>Non-executive / Non-independent</p> <p>Non-executive/ Independent</p> <p>Non-executive/ Independent</p>
Remuneration Committee	Review and advise the Board of Directors on the Board's Composition, new directors nominations, in addition to Board and Senior Management remuneration.	<ol style="list-style-type: none"> Mr Ebrahim Mohamed Ali Zainal (Chairman) Mr Yusuf Saleh Abdulla Alsaleh Dr Esam Abdulla Yousif Fakhro Mr Khalid A.Rahman Khalil Almoayed 	<p>Non-executive/ Independent</p> <p>Non-executive / Non-independent</p> <p>Non-executive/ Independent</p> <p>Non-executive/ Independent</p>
Audit Committee	<p>The audit committee is responsible for:</p> <ol style="list-style-type: none"> Monitoring the integrity of the financial reporting process, Trafco systems of Internal Control, review of the consolidated financial statements and reports, compliance of the board with legal and regulatory requirements and the performance of the Company's Internal Audit function. To recommend the appointment of external auditors, agreeing their compensation, overseeing their independence and preparing reports required to be prepared by the Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain. 	<ol style="list-style-type: none"> Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman) Mr Jehad Yusuf Abdulla Amin Mr A. Redha Mohamed Redha Aldailami 	<p>Non-executive/ Independent</p> <p>Non-executive / Non-independent</p> <p>Non-executive/ Independent</p>

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

Executive Committee

During the year, 4 meetings of the Executive Committee (2013: 4 meetings) were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Executive Committee meetings held in 2014

	2014				%
	13 February	2 April	26 June	25 September	
Members					Attended
Mr Ebrahim Mohamed Ali Zainal	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	✓	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	✓	✓	✓	100%

Executive Committee meetings in 2013

	2013				%
	28 March	30 May	25 July	10 October	
Members					Attended
Mr Ebrahim Mohamed Ali Zainal	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	✓	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	✓	✓	✓	100%

During the year, remuneration paid to the members of the Executive Committee was BD 6,875 (2013: BD 5,900).

Remuneration Committee

During the year, 1 meeting of the Remuneration Committee (2013: 1) was held. The following table summarises the information about the members attendance in the Remuneration Committee meeting:

Remuneration Committee meeting held in 2014

	13 February	%
	2014	
Members		
Mr Ebrahim Mohamed Ali Zainal	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	100%

Remuneration Committee meeting held in 2013

	28 March	%
	2013	
Members		
Mr Ebrahim Mohamed Ali Zainal	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	100%
Mr Khalid A.Rahman Khalil Almoayed	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	100%

During the year, no remuneration was paid to the members of the remuneration Committee (2013: nil).

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

(ii) Board Committees (continued)**Audit Committee**

During the year, 5 meetings of the Audit Committee (2013: 5 meetings) were held. The following table summarises the information about the members attendance in the Audit Committee meetings:

Audit Committee meetings held in 2014

	2014					% Attended
	11 February	16 April	14 May	1 September	20 November	
Members						
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	✓	100%
Mr Jihad Yusuf Abdulla Amin	✓	✓	✓	✓	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	✓	✓	✓	✓	100%

Audit Committee meetings held in 2013

	2013					% Attended
	28 January	25 April	10 July	22 September	1 December	
Members						
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	✓	100%
Mr Jihad Yusuf Abdulla Amin	✓	✓	✓	✓	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	✓	✓	✓	✓	100%

During the year, total remuneration paid to the members of the Audit Committee was BD 6,500 (2013: BD 5,050).

(iii) Corporate governance*Corporate governance code*

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

The Board of Directors has adopted the Code and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Governments entities, communities, business partners and general workplace behaviour having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

Changes to the Group's corporate governance guidelines

Board of Directors revisit the corporate governance framework and guidelines and the Code to ensure compliance with the Corporate Governance Code enacted in 2010 annually and makes appropriate changes when required.

Notes to the Consolidated Financial Statements

At 31 December 2014

36 CORPORATE GOVERNANCE DISCLOSURES (continued)

(iii) Corporate governance (continued)

Compliance with the corporate governance code

Management and Board of Directors ensure compliance with corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code enacted in 2010 and did not note any non-compliance during the years ended 31 December 2014 and 31 December 2013.

Conflict of interest:

There are no conflict of interest arose during the years ended 31 December 2014 and 31 December 2013. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. Trafco's Members of the Board of Directors or its Committees usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution and concerned member(s) refrain from voting on these transactions or resolution where a conflict of interest arise.

Evaluation of Board performance

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting.

Performance of the Chairman and General Manager

The Board of Directors evaluates the performance of the Chairman and General Manager in the Board of Directors meeting.

Means of communication with shareholders and investors

The Company is committed to providing relevant and timely information to its shareholders and investors in accordance with its continuous disclosure obligations defined in the Code.

Information is communicated to shareholders through the distribution of the Group's Annual Report and other information release about the significant matters through the Group's website in a timely manner.

The Board Secretary is responsible for communications with the shareholders and ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

Management of principal risks and uncertainties faced by the Group

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