

**Trafco Group B.S.C.**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2020 (REVIEWED)**



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C.R. No. 29977-1

## **REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF TRAFCO GROUP B.S.C.**

### **Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as of 30 June 2020, and the related interim consolidated statements of profit or loss account and other comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ('IAS 34') "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

10 August 2020  
Manama, Kingdom of Bahrain

# Trafco Group B.S.C.

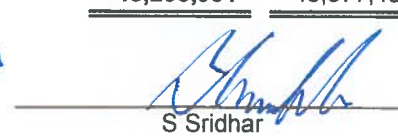
## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 (Reviewed)

	30 June 2020 (Reviewed) BD	31 December 2019 (Audited) BD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,774,048	9,916,607
Right-of-use assets	2,021,815	2,241,007
Investment in an associate	1,516,505	1,573,269
Non-trading investments	11,904,549	12,275,423
	<u>25,216,917</u>	<u>26,006,306</u>
<b>Current assets</b>		
Inventories	8,783,583	8,414,823
Trade and other receivables	9,147,307	8,628,912
Cash, bank balances and short-term deposits	2,053,124	2,327,365
	<u>19,984,014</u>	<u>19,371,100</u>
<b>TOTAL ASSETS</b>	<u><u>45,200,931</u></u>	<u><u>45,377,406</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	8,067,505	8,067,505
Treasury shares	8 (1,644,095)	(1,644,095)
Share premium	3,386,502	3,386,502
Statutory reserve	3,923,300	3,923,300
General reserve	1,465,000	1,415,000
Fair value reserve	5,621,140	6,353,401
Foreign currency reserve	(48,045)	(36,610)
Retained earnings - non-distributable	427,232	427,232
Retained earnings - distributable	4,206,409	3,086,316
Proposed appropriations	-	1,166,366
<b>Equity attributable to shareholders of Trafco</b>	<u>25,404,948</u>	<u>26,144,917</u>
Non-controlling interests	4,048,489	3,621,327
<b>Total equity</b>	<u>29,453,437</u>	<u>29,766,244</u>
<b>Non-current liabilities</b>		
Lease liabilities	1,552,766	1,803,064
Employees' end of service benefits	1,472,320	1,398,629
Term loans	923,463	747,292
Retentions payable	43,500	80,294
	<u>3,992,049</u>	<u>4,029,279</u>
<b>Current liabilities</b>		
Trade and other payables	6,098,309	6,393,612
Import loans	4,139,659	3,198,139
Bank overdrafts	357,678	1,010,086
Lease liabilities	560,139	508,361
Contract and refund liabilities	446,841	318,866
Term loans	152,819	152,819
	<u>11,755,445</u>	<u>11,581,883</u>
<b>Total liabilities</b>	<u>15,747,494</u>	<u>15,611,162</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>45,200,931</u></u>	<u><u>45,377,406</u></u>

  
Ebrahim Mohamed Ali Zainal  
Chairman

  
Yusuf Saleh Abdulla Alsaleh  
Vice Chairman

  
S Sridhar  
Group Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.


# Trafco Group B.S.C.


## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2020 (Reviewed)

		<i>Six-month period ended</i> <i>30 June</i>	
		<b>2020</b>	<b>2019</b>
		<b>BD</b>	<b>BD</b>
	<i>Note</i>		
Revenue from contracts with customers	3	<b>19,118,994</b>	19,321,808
Costs of revenue		<b>(15,060,410)</b>	(15,223,474)
<b>GROSS PROFIT</b>		<b>4,058,584</b>	4,098,334
Other operating income		<b>106,898</b>	72,922
Personnel costs		<b>(1,969,712)</b>	(1,871,284)
General and administration expenses		<b>(577,768)</b>	(631,172)
Selling and distribution expenses		<b>(503,920)</b>	(387,343)
Depreciation on property, plant and equipment		<b>(206,601)</b>	(137,608)
Depreciation on right-of-use assets		<b>(175,844)</b>	(183,968)
<b>PROFIT FROM OPERATIONS</b>		<b>731,637</b>	959,881
Investment income	4	<b>558,795</b>	583,510
Other income	1	<b>422,813</b>	-
Share of results of an associate		<b>(25,733)</b>	8,665
Finance costs		<b>(78,828)</b>	(86,845)
Finance costs on lease liabilities		<b>(62,376)</b>	(68,190)
Foreign exchange gain (loss), net		<b>7,556</b>	(2,224)
<b>PROFIT OF THE GROUP FOR THE PERIOD</b>		<b>1,553,864</b>	1,394,797
of which attributable to non-controlling interests		<b>(457,427)</b>	(336,585)
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO</b>		<b>1,096,437</b>	1,058,212
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>	5	<b>15</b>	14
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
- Gain on disposals of non-trading investments		<b>23,656</b>	108,406
- Net changes in fair value of non-trading investments		<b>(720,509)</b>	911,778
- Share of associate's other comprehensive (loss)		<b>(31,031)</b>	(15,225)
		<b>(727,884)</b>	1,004,959
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
- Foreign exchange differences on translation of foreign operations		<b>(22,421)</b>	(320)
<b>Other comprehensive (loss) income for the period</b>		<b>(750,305)</b>	1,004,639
<b>TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD</b>		<b>803,559</b>	2,399,436
of which attributable to non-controlling interests		<b>(427,162)</b>	(348,460)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO</b>		<b>376,397</b>	2,050,976

  
Ebrahim Mohamed Ali Zainal  
Chairman

  
Yusuf Saleh Abdulla AlSaleh  
Vice Chairman

  
S Sridhar  
Group Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# Trafco Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2020 (Reviewed)

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<b>2020</b>	<b>2019</b>
<i>Note</i>	<b>BD</b>	<b>BD</b>
<b>OPERATING ACTIVITIES</b>		
Profit of the Group for the period	<b>1,553,864</b>	1,394,797
Adjustments for:		
Investment income - net	<b>(558,795)</b>	(583,510)
Depreciation of property, plant and equipment	<b>505,473</b>	472,629
Depreciation of right-of-use assets	<b>220,089</b>	189,658
Finance costs	<b>78,828</b>	86,845
Finance costs on lease liabilities	<b>62,376</b>	68,190
Provision for employees' end of service benefits	<b>116,407</b>	114,297
Share of results of an associate	<b>25,733</b>	(8,665)
Provision for slow moving and obsolete inventories	<b>23,172</b>	38,754
Allowance for expected credit losses	<b>71,732</b>	22,885
Loss (gain) on disposals of property, plant and equipment	<b>270</b>	(4,889)
Operating profit before changes in working capital	<b>2,099,149</b>	1,790,991
Working capital changes:		
Inventories	<b>(391,932)</b>	(676,287)
Trade and other receivables	<b>(590,127)</b>	(545,332)
Trade and other payables	<b>(319,128)</b>	45,945
Contract and refund liabilities	<b>127,975</b>	73,134
Cash generated from operations	<b>925,937</b>	688,451
Finance costs paid	<b>(65,517)</b>	(78,605)
Directors' remuneration paid	<b>(116,076)</b>	(148,001)
Employees' end of service benefits paid	<b>(42,716)</b>	(101,492)
Net cash flows from operating activities	<b>701,628</b>	360,353
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(364,089)</b>	(1,185,400)
Proceeds from disposals of property, plant and equipment	<b>905</b>	22,887
Proceeds from disposals of non-trading investments	<b>16,421</b>	233,133
Purchase of non-trading investments	<b>(342,400)</b>	(242,332)
Dividends and interest received	<b>558,795</b>	583,510
Short-term deposits with original maturities of more than three months	<b>(1,078,788)</b>	(250,000)
Net cash flows used in investing activities	<b>(1,209,156)</b>	(838,202)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	<b>(989,776)</b>	(1,169,427)
Net movements in import loans	<b>941,520</b>	1,415,254
Net movements in term loans	<b>176,171</b>	(1,776)
Payment of principal portion of lease liabilities	<b>(199,417)</b>	(161,538)
Finance costs paid on lease liabilities	<b>(62,376)</b>	(68,190)
Net movement in retentions payable	<b>(36,794)</b>	47,075
Purchase of treasury shares	8	(777,999)
Net cash flows used in financing activities	<b>(170,672)</b>	(716,601)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(678,200)</b>	(1,194,450)
Net foreign exchange translation differences	<b>(22,421)</b>	(320)
Cash and cash equivalents at 1 January	<b>1,317,279</b>	1,801,109
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE (a)</b>	<b>616,658</b>	606,339

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period ended 30 June 2020 (Reviewed)

(a) Cash and cash equivalents comprise of following amounts:

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	<b>2020</b>	<b>2019</b>
	<b>BD</b>	<b>BD</b>
Cash, bank balances and short-term deposits	<b>2,053,124</b>	2,219,427
Less: Bank overdrafts	<b>(357,678)</b>	(1,363,088)
Less: Short-term deposits with original maturities of more than three months	<b>(1,078,788)</b>	(250,000)
	<b>616,658</b>	606,339

**Non-cash item:**

- (i) Unclaimed dividends of BD 126,590 (2019: BD 198,302) pertaining to prior periods have been excluded from the movement of trade and other payables.

# Trafco Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020 (Reviewed)

	Attributable to shareholders of Trafco													Non-controlling interests BD	Total equity BD
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD	Reserves				Proposed appropriations BD	Total reserves BD	Total Trafco's shareholders BD		
							Foreign currency reserve BD	Retained earnings non-distributable BD	Retained earnings - distributable BD						
Balance at 1 January 2020	8,067,505	(1,644,095)	3,386,502	3,923,300	1,415,000	6,353,401	(36,610)	427,232	3,086,316	1,166,366	16,335,005	26,144,917	3,621,327	29,766,244	
Profit for the period	-	-	-	-	-	-	-	-	1,096,437	-	1,096,437	1,096,437	457,427	1,553,864	
Other comprehensive loss for the period	-	-	-	-	-	(708,605)	(11,435)	-	-	-	(720,040)	(720,040)	(30,265)	(750,305)	
Total comprehensive (loss) income for the period	-	-	-	-	-	(708,605)	(11,435)	-	1,096,437	-	376,397	376,397	427,162	803,559	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,116,366)	(1,116,366)	(1,116,366)	-	(1,116,366)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Gain on disposals of non-trading investments	-	-	-	-	-	(23,656)	-	-	23,656	-	-	-	-	-	
<b>Balance at 30 June 2020</b>	<b>8,067,505</b>	<b>(1,644,095)</b>	<b>3,386,502</b>	<b>3,923,300</b>	<b>1,465,000</b>	<b>5,621,140</b>	<b>(48,045)</b>	<b>427,232</b>	<b>4,206,409</b>	<b>-</b>	<b>15,595,036</b>	<b>25,404,948</b>	<b>4,048,489</b>	<b>29,453,437</b>	

	Attributable to shareholders of Trafco													Non-controlling interests BD	Total equity BD
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD	Reserves				Proposed appropriations BD	Total reserves BD	Total Trafco's shareholders BD		
							Foreign currency reserve BD	Retained earnings non-distributable BD	Retained earnings - distributable BD						
Balance at 1 January 2019	8,067,505	(866,096)	3,386,502	3,786,542	1,365,000	5,266,927	(34,527)	353,474	2,881,774	1,434,829	15,054,019	25,641,930	3,106,227	28,748,157	
Profit for the period	-	-	-	-	-	-	-	-	1,058,212	-	1,058,212	1,058,212	336,585	1,394,797	
Other comprehensive income (loss) for the period	-	-	-	-	-	992,927	(163)	-	-	-	992,764	992,764	11,875	1,004,639	
Total comprehensive income (loss) for the period	-	-	-	-	-	992,927	(163)	-	1,058,212	-	2,050,976	2,050,976	348,460	2,399,436	
Treasury shares purchased during the period (note 8)	-	(777,999)	-	-	-	-	-	-	-	-	-	(777,999)	-	(777,999)	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,367,729)	(1,367,729)	(1,367,729)	-	(1,367,729)	
Dividends relating to treasury shares	-	-	-	-	-	-	-	-	17,100	(17,100)	-	-	-	-	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Gain on disposals of non-trading investments	-	-	-	-	-	(108,406)	-	-	108,406	-	-	-	-	-	
<b>Balance at 30 June 2019</b>	<b>8,067,505</b>	<b>(1,644,095)</b>	<b>3,386,502</b>	<b>3,786,542</b>	<b>1,415,000</b>	<b>6,151,448</b>	<b>(34,690)</b>	<b>353,474</b>	<b>4,065,492</b>	<b>-</b>	<b>15,737,266</b>	<b>25,547,178</b>	<b>3,454,687</b>	<b>29,001,865</b>	

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

## 1 CORPORATE INFORMATION AND ACTIVITIES

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

The Group comprises of the Company, its subsidiaries and associates the details of which were disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2019.

During the six-month period ended 30 June 2020, there was an outbreak of coronavirus (COVID-19). The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. Authorities have taken various measures to contain the spread and announced various support measures to counter possible adverse implications. The Group has recognised an other income of BD 422,813 related to the assistance provided by the Government of the Kingdom of Bahrain. The Group has been closely monitoring the latest developments in the current evolving situation. Although these developments caused disruptions in the Group's operations as of 30 June 2020, the scale and duration of these developments remain uncertain at this stage. The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non – financial assets and liabilities as at 30 June 2020. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations, the extent of which is presently undeterminable.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 10 August 2020.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 (IAS 34) "*Interim Financial Reporting*".

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019. In addition, results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

### New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards, interpretations and amendments as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new standards, interpretations and amendments which apply for the first time in 2020, do not have an impact on the interim condensed consolidated financial statements of the Group.



**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

**Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

**Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

**Amendment to IFRS 16: Covid-19-Related Rent Concessions**

Covid-19-Related Rent Concessions, issued in May 2020, added certain paragraphs in IFRS 16. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if certain conditions are met. A lessee shall apply that amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020. This amendment had no impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020 (Reviewed)

**3 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table presents the disaggregation of the Group's revenue from contracts with customers for the six-month periods ended 30 June 2020 and 30 June 2019:

	<i>Imported foodstuff</i>				<i>Dairy products and beverages</i>		<i>Fruits and vegetables</i>		<i>Storage and logistics</i>		<i>Total</i>	
	<i>Wholesale</i>		<i>Retail</i>		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>								
<b>Types of revenue</b>												
Sale of goods	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	<b>8,224,677</b>	7,877,021	<b>1,098,532</b>	1,190,690	-	-	<b>18,811,829</b>	18,944,420
Rendering of services	-	-	-	-	-	-	-	-	<b>307,165</b>	377,388	<b>307,165</b>	377,388
<b>Total revenue from contracts with customers</b>	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	<b>8,224,677</b>	7,877,021	<b>1,098,532</b>	1,190,690	<b>307,165</b>	377,388	<b>19,118,994</b>	19,321,808
<b>Geographic markets</b>												
Bahrain	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	<b>6,055,639</b>	6,393,422	<b>1,098,532</b>	1,190,690	<b>307,165</b>	377,388	<b>16,949,956</b>	17,838,209
Kuwait and other countries	-	-	-	-	<b>2,169,038</b>	1,483,599	-	-	-	-	<b>2,169,038</b>	1,483,599
<b>Total revenue from contracts with customers</b>	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	<b>8,224,677</b>	7,877,021	<b>1,098,532</b>	1,190,690	<b>307,165</b>	377,388	<b>19,118,994</b>	19,321,808
<b>Timing of revenue recognition</b>												
At a point in time	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	<b>8,224,677</b>	7,877,021	<b>1,098,532</b>	1,190,690	-	-	<b>18,811,829</b>	18,944,420
Over the time	-	-	-	-	-	-	-	-	<b>307,165</b>	377,388	<b>307,165</b>	377,388
<b>Total revenue from contracts with customers</b>	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	<b>8,224,677</b>	7,877,021	<b>1,098,532</b>	1,190,690	<b>307,165</b>	377,388	<b>19,118,994</b>	19,321,808

**4 SEASONALITY OF RESULTS**

Net investment income for the six-month period ended 30 June 2020 amounting to BD 558,795 (2019: BD 583,510) is of a seasonal nature.

**5 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of Trafco by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares purchased by the Company and held as treasury shares, as follows:

	<i>Six-month period ended 30 June (Reviewed)</i>	
	<b>2020</b>	<b>2019</b>
Profit for the period attributable to shareholders of TRAFCO – (BD)	<b>1,096,437</b>	1,058,212
Weighted average number of shares, net of treasury shares	<b>74,424,401</b>	76,125,847
Basic and diluted earnings per share (fils)	<b>15</b>	14

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

**6 FINANCIAL INSTRUMENTS**

Set out below is an overview of the financial instruments held by the Group as at 30 June 2020 and 31 December 2019:

	<i>Amortised cost BD</i>	<i>Fair value through other comprehensive income BD</i>	<i>Total BD</i>
<b>Financial assets</b>			
<b>At 30 June 2020 (Reviewed)</b>			
Non-trading investments	-	11,904,549	11,904,549
Trade and other receivables	9,147,307	-	9,147,307
Cash, bank balances and short-term deposits	2,053,124	-	2,053,124
	<b>11,200,431</b>	<b>11,904,549</b>	<b>23,104,980</b>
<b>Financial assets</b>			
<b>At 31 December 2019 (Audited)</b>			
Non-trading investments	-	12,275,423	12,275,423
Trade and other receivables	8,628,912	-	8,628,912
Cash, bank balances and short-term deposits	2,327,365	-	2,327,365
	<b>10,956,277</b>	<b>12,275,423</b>	<b>23,231,700</b>

**6 FINANCIAL INSTRUMENTS (continued)**

	<b>30 June 2020 (Reviewed) BD</b>	<i>31 December 2019 (Audited) BD</i>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	<b>6,098,309</b>	6,393,612
Import loans	<b>4,139,659</b>	3,198,139
Lease liabilities	<b>2,112,905</b>	2,311,425
Bank overdrafts	<b>357,678</b>	1,010,086
Term loans	<b>1,076,282</b>	900,111
Retentions payable	<b>43,500</b>	80,294
	<b>13,828,333</b>	13,893,667

**7 FAIR VALUE MEASUREMENT**

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

**Fair value of financial instruments**

The fair value of financial instruments are estimated based on the following methods and assumptions:

- a) Bank balances and cash, bank overdrafts, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments as at 30 June 2020 and 31 December 2019;
- b) Term loans, import loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. As at 30 June 2020 and as at 31 December 2019, the carrying amounts are not materially different from their fair values; and
- c) Fair value of quoted equity investments and quoted debt instruments is derived from quoted market prices in active markets or in the case of unquoted non-trading investments using market multiples or other appropriate valuation methodologies.

The fair values of financial assets and liabilities are not materially different from their carrying values as at 30 June 2020 and as at 31 December 2019.

**Fair value of non-financial assets and liabilities**

The Group does not have any non-financial assets or liabilities which have been remeasured at fair value as at 30 June 2020 and as at 31 December 2019.

**Fair value hierarchy**

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

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

For assets and liabilities that are recognised in the interim condensed 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.

**7 FAIR VALUE MEASUREMENT (continued)**

**Fair value hierarchy (continued)**

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

	<b>30 June 2020 (Reviewed)</b>			<b>Total BD</b>
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>BD</b>	<b>BD</b>	<b>BD</b>	
<b>Assets measured at fair value</b>				
<i>Non-trading investments:</i>				
- Quoted equity investments	7,387,214	-	-	7,387,214
- Unquoted equity investments	-	-	4,030,990	4,030,990
- Quoted debt instruments	486,345	-	-	486,345
	<b>7,873,559</b>	<b>-</b>	<b>4,030,990</b>	<b>11,904,549</b>
	<b>31 December 2019 (Audited)</b>			
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>BD</b>	<b>BD</b>	<b>BD</b>	<b>BD</b>
<b>Assets measured at fair value</b>				
<i>Non-trading investments:</i>				
- Quoted equity investments	8,259,966	-	-	8,259,966
- Unquoted equity investments	-	-	3,715,457	3,715,457
- Quoted debt instruments	300,000	-	-	300,000
	<b>8,559,966</b>	<b>-</b>	<b>3,715,457</b>	<b>12,275,423</b>

**Liabilities measured at fair value:**

There were no liabilities measured at fair value as of 30 June 2020 and 31 December 2019.

During the six-month period ended 30 June 2020 and year ended 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and there were no transfers into or out of Level 3 fair value measurements.

Level 3 equity securities have been estimated using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

Movements in the fair values of financial assets classified as level 3 category were as follows:

	<b>30 June 2020 (Reviewed) BD</b>	<b>31 December 2019 (Audited) BD</b>
At beginning of the period / year	3,715,457	3,886,101
Change in fair values	315,533	(170,644)
At end of the period / year	<b>4,030,990</b>	<b>3,715,457</b>

## 8 TREASURY SHARES

Treasury shares represent 6,250,651 [31 December 2019 (Audited): 6,250,651] shares, representing 7.75% [31 December 2019 (Audited): 7.75%] of the issued, subscribed and fully paid-up share capital of the Company. For the six-month period ended 30 June 2019, the Company repurchased 2,510,534 additional shares for a cash consideration of BD 777,999.

## 9 DIVIDENDS

At the annual general meeting of the shareholders held on 30 March 2020, a final cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,116,366 for the year ended 31 December 2019 was declared and paid (30 June 2019: At the annual general meeting of the shareholders held on 31 March 2019, a final cash dividend of 18 fils per share, excluding treasury shares, totaling BD 1,367,729 for the year ended 31 December 2018 was declared and paid). Dividends payable are included within 'Trade and other payables' in the interim consolidated statement of financial position as at 30 June 2020 and as at 31 December 2019.

## 10 COMMITMENTS AND CONTINGENCIES

As at 30 June 2020, the Group has capital expenditure commitments of BD 49,254 [31 December 2019 (Audited): BD 135,482].

Tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, outstanding as at 30 June 2020 amounted to BD 840,548 [31 December 2019 (Audited): BD 845,548].

## 11 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	Investments 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 of storage and logistics services.

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 interim condensed consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

**11 SEGMENT REPORTING (continued)**

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, right-of-use assets, inventories, trade and other receivables, cash, bank balances and short-term deposits. 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 is allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of term loans, import loans, lease liabilities, trade and other payables and bank overdrafts. Whilst the majority of the liabilities can be directly attributed to individual business segments, the carrying amounts of certain liabilities used jointly by two or more segments is allocated to the segments on a reasonable basis.

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

Revenue from operations for the six-month period ended 30 June 2020 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,169,038 (2019: BD 1,483,599) and loss for the six-month period ended 30 June 2020 amounted to BD 115,340 (2019: BD 106,554). The remaining revenue and profit for the period is generated from the primary geographical segment in the Kingdom of Bahrain.

At 30 June 2020, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,052,986 [31 December 2019 (Audited): BD 1,675,031] and total liabilities amounted to BD 1,919,543 [31 December 2019 (Audited): BD 1,541,588]. All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

**11 SEGMENT REPORTING (continued)****Six-month period ended 30 June 2020 (Reviewed)**

The following table presents the details of segmental operating results for the six-month periods ended 30 June 2020 and 30 June 2019:

	<b>Foodstuff</b>				<b>Investments</b>	<b>Dairy products and beverages</b>		<b>Fruits and vegetables</b>		<b>Storage and logistics</b>		<b>Adjustments and eliminations</b>		<b>Total</b>			
	<b>Wholesale</b>		<b>Retail</b>			<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>													
Revenue - third parties	<b>8,653,475</b>	8,962,336	<b>835,145</b>	914,373	-	-	<b>8,224,677</b>	7,877,021	<b>1,098,532</b>	1,190,690	<b>307,165</b>	377,388	-	-	<b>19,118,994</b>	19,321,808	
Revenue - inter segments	<b>496,938</b>	508,336	-	-	-	-	<b>113,796</b>	27,869	<b>722</b>	4,168	<b>85,950</b>	65,261	<b>(697,406)</b>	(605,634)	-	-	
Total revenue	<b>9,150,413</b>	9,470,672	<b>835,145</b>	914,373	-	-	<b>8,338,473</b>	7,904,890	<b>1,099,254</b>	1,194,858	<b>393,115</b>	442,649	<b>(697,406)</b>	(605,634)	<b>19,118,994</b>	19,321,808	
Costs of revenue (excluding depreciation)	<b>(7,918,447)</b>	(8,156,755)	<b>(766,111)</b>	(797,739)	-	-	<b>(5,573,551)</b>	(5,429,195)	<b>(913,867)</b>	(964,949)	<b>(94,970)</b>	(113,916)	<b>615,489</b>	531,528	<b>(14,651,457)</b>	(14,931,026)	
<b>Gross profit</b>	<b>1,231,966</b>	1,313,917	<b>69,034</b>	116,634	-	-	<b>2,764,922</b>	2,475,695	<b>185,387</b>	229,909	<b>298,145</b>	328,733	<b>(81,917)</b>	(74,106)	<b>4,467,537</b>	4,390,782	
Other operating income	<b>104,588</b>	121,960	<b>5,851</b>	19,969	-	-	<b>81,375</b>	20,629	<b>13,680</b>	24,935	<b>14,388</b>	15,910	<b>(112,984)</b>	(130,481)	<b>106,898</b>	72,922	
Other expenses (excluding depreciation)	<b>(1,137,527)</b>	(1,247,709)	<b>(81,695)</b>	(98,982)	-	-	<b>(1,814,434)</b>	(1,416,435)	<b>(164,793)</b>	(182,587)	<b>(37,605)</b>	(61,602)	<b>118,818</b>	165,779	<b>(3,117,236)</b>	(2,841,536)	
Depreciation on property, plant and equipment	<b>(45,852)</b>	(43,287)	<b>(11,548)</b>	(9,872)	-	-	<b>(261,973)</b>	(242,866)	<b>(33,951)</b>	(24,731)	<b>(152,149)</b>	(149,135)	-	(2,738)	<b>(505,473)</b>	(472,629)	
Depreciation on right-of-use assets	<b>(55,617)</b>	(55,292)	<b>(37,290)</b>	(22,746)	-	-	<b>(123,874)</b>	(109,053)	<b>(3,308)</b>	(2,567)	-	-	-	-	<b>(220,089)</b>	(189,658)	
<b>Profit from operations</b>	<b>97,558</b>	89,589	<b>(55,648)</b>	5,003	-	-	<b>646,016</b>	727,970	<b>(2,985)</b>	44,959	<b>122,779</b>	133,906	<b>(76,083)</b>	(41,546)	<b>731,637</b>	959,881	
Investment income (including share of results of an associate)	-	-	-	-	<b>1,035,424</b>	1,084,522	-	-	-	-	-	-	<b>(502,362)</b>	(492,347)	<b>533,062</b>	592,175	
Other income	<b>149,191</b>	-	<b>7,611</b>	-	-	-	<b>239,689</b>	-	<b>21,021</b>	-	<b>5,301</b>	-	-	-	<b>422,813</b>	-	
Finance costs	<b>(60,444)</b>	(63,703)	<b>(2,461)</b>	(3,110)	-	-	<b>(1,774)</b>	(3,710)	<b>(18,735)</b>	(24,608)	<b>(44,761)</b>	(52,316)	<b>49,347</b>	60,602	<b>(78,828)</b>	(86,845)	
Finance costs on lease liabilities	<b>(31,712)</b>	(33,844)	<b>(4,300)</b>	(2,722)	-	-	<b>(25,961)</b>	(28,538)	<b>(403)</b>	(3,086)	-	-	-	-	<b>(62,376)</b>	(68,190)	
Foreign exchange gain (loss), net	-	-	-	-	-	-	<b>7,556</b>	(2,224)	-	-	-	-	-	-	<b>7,556</b>	(2,224)	
<b>Profit (loss) for the period</b>	<b>154,593</b>	(7,958)	<b>(54,798)</b>	(829)	<b>1,035,424</b>	1,084,522	<b>865,526</b>	693,498	<b>(1,102)</b>	17,265	<b>83,319</b>	81,590	<b>(529,098)</b>	(473,291)	<b>1,553,864</b>	1,394,797	
<b>Capital expenditure</b>	<b>86,523</b>	444,305	-	22,917	-	-	<b>263,424</b>	620,060	<b>1,359</b>	69,156	<b>12,783</b>	28,962	-	-	<b>364,089</b>	1,185,400	

The following table presents segment assets and liabilities as at 30 June 2020 and 31 December 2019:

	<b>Foodstuff</b>				<b>Investments</b>	<b>Dairy products and beverages</b>		<b>Fruits and vegetables</b>		<b>Storage and logistics</b>		<b>Adjustments and eliminations</b>		<b>Total</b>			
	<b>Wholesale</b>		<b>Retail</b>			<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>													
<b>Assets</b>	<b>14,361,045</b>	14,845,921	<b>824,637</b>	1,015,667	<b>19,822,046</b>	20,338,707	<b>14,622,995</b>	13,319,075	<b>1,721,319</b>	1,977,026	<b>3,386,100</b>	4,026,880	<b>(9,537,211)</b>	(10,145,870)	<b>45,200,931</b>	45,377,406	
<b>Liabilities</b>	<b>9,074,679</b>	8,861,699	<b>577,493</b>	717,097	-	-	<b>5,498,259</b>	5,632,488	<b>1,114,322</b>	1,553,218	<b>1,861,326</b>	2,562,033	<b>(2,378,585)</b>	(3,715,373)	<b>15,747,494</b>	15,611,162	



**12 RELATED PARTY TRANSACTIONS**

Related parties represent associated companies, major shareholders, 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 with related parties included in the interim consolidated statement of profit or loss account for the six-month periods ended 30 June 2020 and 30 June 2019 respectively are as follows:

	<i>Six-month period ended 30 June 2020 (Reviewed)</i>			
	<i>Revenue BD</i>	<i>Purchase of goods and services BD</i>	<i>Investment income BD</i>	<i>Expenses BD</i>
Associated companies	3,255	1,924	-	-
Companies having common directors	191,536	286,924	302,377	105,615
	<b>194,791</b>	<b>288,848</b>	<b>302,377</b>	<b>105,615</b>
	<i>Six-month period ended 30 June 2019 (Reviewed)</i>			
	<i>Revenue BD</i>	<i>Purchase of goods and services BD</i>	<i>Investment income BD</i>	<i>Expenses BD</i>
Associated companies	10,796	5,292	-	-
Companies having common directors	196,391	477,036	391,755	174,463
	<b>207,187</b>	<b>482,328</b>	<b>391,755</b>	<b>174,463</b>

Balances of the related parties included in the interim consolidated statement of financial position as at 30 June 2020 and as at 31 December 2019 are as follows:

	<i>At 30 June 2020 (Reviewed)</i>		<i>At 31 December 2019 (Audited)</i>	
	<i>Due from related parties BD</i>	<i>Due to related parties BD</i>	<i>Due from related parties BD</i>	<i>Due to related parties BD</i>
Associated companies	2,821	1,726	30,473	2,991
Companies having common directors	92,264	215,227	148,915	350,696
	<b>95,085</b>	<b>216,953</b>	<b>179,388</b>	<b>353,687</b>

**Terms and conditions of transactions with related parties**

Purchases and revenue from related parties are made at normal market prices. Outstanding balances at the period-end and year-end arose in the normal course of business and are unsecured, interest free and settlement occurs in cash.

**12 RELATED PARTY TRANSACTIONS (continued)****Compensation of key management personnel**

The remuneration of directors and other members of key management during the six-month period ended was as follows:

	<i>Six-month period ended</i>	
	<i>30 June (Reviewed)</i>	
	<b>2020</b>	2019
	<b>BD</b>	BD
Short-term benefits	<b>198,208</b>	225,839
Employees' end of service benefits	<b>7,093</b>	9,269
	<b>205,301</b>	235,108

**13 COMPARATIVES**

The corresponding figures in the interim consolidated statement of profit or loss account and other comprehensive income have been reclassified in order to conform to the presentation for the current period. Such reclassification does not affect previously reported profit or the Group's equity and the reclassification is as follows:

	<i>As</i>	<i>Re-</i>	<i>Reclassified</i>
	<i>previously</i>	<i>classification</i>	<i>BD</i>
	<i>reported</i>	<i>BD</i>	<i>BD</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
General and administration expenses	658,477	(27,305)	631,172
Finance costs on lease liabilities	40,885	27,305	68,190