

Trafco Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2021 (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 31 March 2021, and the related interim consolidated statements of profit or loss account and other comprehensive income, cash flows and changes in equity for the three-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.

Auditor's Registration No. 244
9 May 2021
Manama, Kingdom of Bahrain

Trafco Group B.S.C.

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

For the period ended 31 March 2021 (Reviewed)

	Notes	Three-month period ended 31 March	
		2021 BD	2020 BD
Revenue	4	9,000,880	10,168,585
Costs of revenue		(7,148,252)	(7,981,588)
GROSS PROFIT		1,852,628	2,186,997
Other operating income		35,852	25,172
Personnel costs		(949,522)	(986,861)
General and administration expenses		(207,891)	(269,071)
Selling and distribution expenses		(216,700)	(257,872)
Depreciation on property, plant and equipment		(120,007)	(104,209)
Depreciation on right-of-use assets		(80,272)	(87,104)
PROFIT FROM OPERATIONS		314,088	507,052
Investment income		563,932	581,707
Share of results of an associate		(45,896)	(9,002)
Finance costs		(31,951)	(42,960)
Finance costs on lease liabilities		(32,742)	(31,521)
Foreign exchange gains, net		7,917	5,188
PROFIT OF THE GROUP FOR THE PERIOD		775,348	1,010,464
of which profit attributable to non-controlling interest		(129,482)	(226,325)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		645,866	784,139
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	6	9	11
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
- Gains on disposals of non-trading investments		19,207	23,656
- Net change in fair value of non-trading investments		691,545	(870,981)
- Share of associate's other comprehensive loss		(7,666)	(30,777)
		703,086	(878,102)
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
- Exchange differences on translation of foreign operations		(5,906)	(41,837)
Other comprehensive income (loss) for the period		697,180	(919,939)
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD		1,472,528	90,525
of which comprehensive income attributable to non-controlling interest		(125,578)	(190,032)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		1,346,950	(99,507)



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla AlSaleh
Vice Chairman



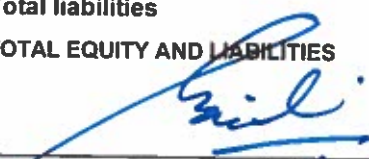

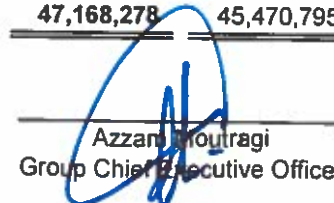
Azzam Moutragi
Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021 (Reviewed)

	31 March 2021 (Reviewed) BD	31 December 2020 (Audited) BD
ASSETS		
Non-current assets		
Property, plant and equipment	9,281,473	9,513,364
Right-of-use assets	2,018,742	2,118,713
Investment in an associate	1,386,429	1,439,991
Non-trading investments	14,184,071	13,020,901
	<u>26,870,715</u>	<u>26,092,969</u>
Current assets		
Inventories	7,247,180	7,903,140
Trade and other receivables	9,506,197	7,848,914
Cash, bank balances and short-term deposits	3,544,186	3,625,772
	<u>20,297,563</u>	<u>19,377,826</u>
TOTAL ASSETS	<u><u>47,168,278</u></u>	<u><u>45,470,795</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	8,067,505	8,067,505
Treasury shares	(1,644,095)	(1,644,095)
Share premium	3,386,502	3,386,502
Reserves	17,286,363	17,055,779
Equity attributable to shareholders of Trafco B.S.C.	<u>27,096,275</u>	<u>26,865,691</u>
Non-controlling interests	4,334,144	4,208,566
Total equity	<u>31,430,419</u>	<u>31,074,257</u>
Non-current liabilities		
Lease liabilities	1,664,287	1,732,148
Employees' end of service benefits	1,549,213	1,517,158
Term loans	749,948	796,770
Government grant	46,749	47,666
	<u>4,010,197</u>	<u>4,093,742</u>
Current liabilities		
Trade and other payables	5,615,355	4,978,795
Import loans	3,793,798	3,749,557
Bank overdrafts	1,324,867	653,532
Lease liabilities	473,268	494,822
Contract and refund liabilities	277,427	183,143
Term loans	195,376	195,376
Retentions payable	43,904	43,904
Government grant	3,667	3,667
	<u>11,727,662</u>	<u>10,302,796</u>
Total liabilities	<u>15,737,859</u>	<u>14,396,538</u>
TOTAL EQUITY AND LIABILITIES	<u><u>47,168,278</u></u>	<u><u>45,470,795</u></u>
		
Ebrahim Mohamed Ali Zainal Chairman	Yusuf Saleh Abdulla AlSaleh Vice Chairman	Azzam Houragi Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 (Reviewed)

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	2021	2020
<i>Note</i>	BD	BD
OPERATING ACTIVITIES		
Profit of the Group for the period	775,348	1,010,464
Adjustments for:		
Investment income	(563,932)	(581,707)
Depreciation of property, plant and equipment	269,285	252,899
Depreciation of right-of-use assets	102,047	112,128
Finance costs	31,951	42,960
Finance costs on lease liabilities	32,742	31,521
Provision for employees' end of service benefits	60,111	69,311
Share of results of an associate	45,896	9,002
Provision for slow moving and obsolete of inventories	13,452	4,798
Allowance for expected credit losses	1,572	34,358
Gain on termination of lease agreement	(2,076)	-
Amortisation of Government grant	(917)	-
(Gain) loss on disposals of property, plant and equipment	(3,631)	270
Operating profit before changes in working capital	761,848	986,004
Working capital changes:		
Inventories	642,508	719,629
Trade and other receivables	(1,394,833)	(1,135,738)
Trade and other payables	(388,284)	(701,513)
Contract and refund liabilities	94,284	6,448
Net cash used in operations	(284,477)	(125,170)
Finance costs paid	(31,162)	(39,339)
Directors' remuneration paid	(92,250)	(122,577)
Employees' end of service benefits paid	(28,056)	(34,812)
Net cash flows used in operating activities	(435,945)	(321,898)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(37,912)	(251,716)
Proceeds from disposals of property, plant and equipment	4,149	905
Proceeds from disposals of non-trading investments	29,918	19,706
Purchase of non-trading investments	(482,336)	(156,055)
Dividends and interest received	299,910	284,658
Short-term deposits with original maturities of more than three months	129,055	(250,972)
Net cash flows used in investing activities	(57,216)	(353,474)
FINANCING ACTIVITIES		
Dividends paid	(61)	(5,589)
Net movements in import loans	44,241	65,199
Net movements in term loans	(46,822)	(2,435)
Payment of principal portion of lease liabilities	(89,415)	(94,906)
Finance costs paid on lease liabilities	(32,742)	(31,521)
Net cash flows used in financing activities	(124,799)	(69,252)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(617,960)	(744,624)
Foreign currency translation adjustments - net	(5,906)	(41,837)
Cash and cash equivalents at 1 January	371,774	815,043
CASH AND CASH EQUIVALENTS AT 31 MARCH (A)	(252,092)	28,582

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period ended 31 March 2021 (Reviewed)

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

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	2021	2020
	BD	BD
Cash, bank balances and short-term deposits	3,544,186	2,072,467
Less: Bank overdrafts	(1,324,867)	(1,290,677)
Less: Short-term deposits with original maturities of more than three months	(2,471,411)	(753,208)
	(252,092)	28,582

Non-cash items:

- (i) Unclaimed dividends of BD 1,189,780 (2020: BD 1,110,777) pertaining to prior periods have been adjusted in the movement of trade and other payables.
- (ii) Dividends receivable of BD 264,022 (2020: BD 302,913) have been excluded from the movement of trade and other receivables above.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 (Reviewed)

	Attributable to Trafco's shareholders													Non-controlling interests	Total equity
	Reserves											Total Trafco's shareholders			
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value reserves	Foreign currency reserves	Retained earnings - distributable	Retained earnings not-distributable	Proposed appropriations	Total reserves				
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD		
Balance at 1 January 2021	8,067,505	(1,644,095)	3,386,502	4,033,753	1,465,000	6,647,047	(16,702)	3,263,579	496,736	1,166,366	17,055,779	26,865,691	4,208,566	31,074,257	
Profit for the period	-	-	-	-	-	-	-	645,866	-	-	645,866	645,866	129,482	775,348	
Other comprehensive income (loss) for the period	-	-	-	-	-	704,096	(3,012)	-	-	-	701,084	701,084	(3,904)	697,180	
Total comprehensive income (loss) for the period	-	-	-	-	-	704,096	(3,012)	645,866	-	-	1,346,950	1,346,950	125,578	1,472,528	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,116,366)	(1,116,366)	(1,116,366)	-	(1,116,366)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Gains on disposals of non-trading investments	-	-	-	-	-	(19,207)	-	19,207	-	-	-	-	-	-	
Balance at 31 March 2021	8,067,505	(1,644,095)	3,386,502	4,033,753	1,515,000	7,331,936	(19,714)	3,928,652	496,736	-	17,286,363	27,096,275	4,334,144	31,430,419	

	Attributable to Trafco's shareholders													Non-controlling interests	Total equity
	Reserves											Total Trafco's shareholders			
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value and other reserves	Foreign currency reserves	Retained earnings - distributable	Retained earnings not-distributable	Proposed appropriations	Total reserves				
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	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)	3,086,316	427,232	1,166,366	16,335,005	26,144,917	3,621,327	29,766,244	
Profit for the period	-	-	-	-	-	-	-	784,139	-	-	784,139	784,139	226,325	1,010,464	
Other comprehensive loss for the period	-	-	-	-	-	(862,309)	(21,337)	-	-	-	(883,646)	(883,646)	(36,293)	(919,939)	
Total comprehensive (loss) income for the period	-	-	-	-	-	(862,309)	(21,337)	784,139	-	-	(99,507)	(99,507)	190,032	90,525	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,116,366)	(1,116,366)	(1,116,366)	-	(1,116,366)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Gains on disposals of non-trading investments	-	-	-	-	-	(23,656)	-	23,656	-	-	-	-	-	-	
Balance at 31 March 2020	8,067,505	(1,644,095)	3,386,502	3,923,300	1,465,000	5,467,436	(57,947)	3,894,111	427,232	-	15,119,132	24,929,044	3,811,359	28,740,403	

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Trafco Group B.S.C. ('the Company' or 'Trafco') 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 Company's registered office is situated at Building 117, Raod 42, Block 343, Mina Salman Industrial Area, Kingdom of Bahrain. The Company's principal activity is trading in food products.

The Group comprises of the Company and its subsidiaries. The details of Company's subsidiaries and an associate are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2020.

The Group's operations continue to expose it to risks associated with coronavirus pandemic (COVID-19) which continues to result in challenging operating environments due to worldwide travel restrictions, closure of airports, restrictions on public gatherings and indoor dining etc. The Government of the Kingdom of Bahrain has taken various measures to contain the spread of COVID-19 and the Group's management is also closely monitoring the latest developments in the current evolving situation. The scale and duration of these developments remain uncertain at this stage. The Group's management has considered the potential impact of COVID-19 in determining the reported amounts of the Group's financial and non-financial assets and liabilities as at 31 March 2021. However, the recorded amounts remain sensitive to changes in market conditions, the extent of which is presently undeterminable, and may adversely impact the Group's financial performance and financial position during 2021 and beyond.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 9 May 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2021 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 2020. In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

New and amended standards and interpretations 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 2020, except for the new and amended standards and interpretations effective as of 1 January 2021. One of the significant amendment effective from 1 January 2021 is disclosed below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- a) A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- b) Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- c) Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Reviewed)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant accounting judgements and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

4 REVENUE

The following table presents the disaggregation of the Group's revenue for the three-month periods ended 31 March 2021 and 31 March 2020:

	<i>Wholesale operations</i>		<i>Retail operations</i>		<i>Dairy products and beverages</i>		<i>Fruits and vegetables</i>		<i>Storage and logistics</i>		<i>Total</i>	
	2021 <i>BD</i>	<i>2020</i> <i>BD</i>	2021 <i>BD</i>	<i>2020</i> <i>BD</i>	2021 <i>BD</i>	<i>2020</i> <i>BD</i>	2021 <i>BD</i>	<i>2020</i> <i>BD</i>	2021 <i>BD</i>	<i>2020</i> <i>BD</i>	2021 <i>BD</i>	<i>2020</i> <i>BD</i>
<i>Types of revenue</i>												
Sale of goods	4,250,476	4,840,437	288,048	451,785	3,857,931	4,135,600	435,625	585,554	-	-	8,832,080	10,013,376
Rendering of services	-	-	-	-	-	-	-	-	168,800	155,209	168,800	155,209
	4,250,476	4,840,437	288,048	451,785	3,857,931	4,135,600	435,625	585,554	168,800	155,209	9,000,880	10,168,585
<i>Geographic markets</i>												
Bahrain	4,250,476	4,840,437	288,048	451,785	2,793,447	3,148,958	435,625	585,554	168,800	155,209	7,936,396	9,181,943
Kuwait and other countries	-	-	-	-	1,064,484	986,642	-	-	-	-	1,064,484	986,642
	4,250,476	4,840,437	288,048	451,785	3,857,931	4,135,600	435,625	585,554	168,800	155,209	9,000,880	10,168,585
<i>Timing of revenue recognition</i>												
At a point in time	4,250,476	4,840,437	288,048	451,785	3,857,931	4,135,600	435,625	585,554	-	-	8,832,080	10,013,376
Over the time	-	-	-	-	-	-	-	-	168,800	155,209	168,800	155,209
	4,250,476	4,840,437	288,048	451,785	3,857,931	4,135,600	435,625	585,554	168,800	155,209	9,000,880	10,168,585

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Reviewed)

5 SEASONALITY OF RESULTS

Investment income for the three-month period ended 31 March 2021 amounting to BD 563,932 (2020: BD 581,707) are of seasonal nature.

6 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>Three-month period ended</i>	
	<i>31 March (Reviewed)</i>	
	2021	2020
Profit for the period attributable to shareholders of TRAFCO – (BD)	645,866	784,139
Weighted average number of shares, net of treasury shares	74,424,401	74,424,401
Basic and diluted earnings per share (fils)	9	11

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

7 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Group as at 31 March 2021 and 31 December 2020:

<i>Financial assets</i>	<i>Amortised cost</i>	<i>Fair value through other comprehensive income</i>	<i>Total</i>
<i>At 31 March 2021 (Reviewed)</i>			
Non-trading investments	-	14,184,071	14,184,071
Trade and other receivables	9,506,197	-	9,506,197
Cash, bank balances and short-term deposits	3,544,186	-	3,544,186
	13,050,383	14,184,071	27,234,454
<i>At 31 December 2020 (Audited)</i>			
Non-trading investments	-	13,020,901	13,020,901
Trade and other receivables	7,848,914	-	7,848,914
Cash, bank balances and short-term deposits	3,625,772	-	3,625,772
	11,474,686	13,020,901	24,495,587

7 FINANCIAL INSTRUMENTS (continued)

	31 March 2021 (Reviewed) BD	31 December 2020 (Audited) BD
Financial liabilities at amortised cost		
Trade and other payables	5,615,355	4,978,795
Import loans	3,793,798	3,749,557
Lease liabilities	2,137,555	2,226,970
Bank overdrafts	1,324,867	653,532
Term loans	945,324	992,146
Retentions payable	43,904	43,904
	13,860,803	12,644,904

8 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, short term deposits, bank overdrafts, trade and other receivables, retentions payable and trade and other payables approximate their carrying amounts largely due to the short-term maturities.
- b) Term loans, import loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. As at 31 March 2021 and as at 31 December 2020, 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 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.

The fair values of financial assets and liabilities are not materially different from their carrying values as at 31 March 2021 and as at 31 December 2020.

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 31 March 2021 and as at 31 December 2020.

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.

8 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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

	30 March 2021 (Reviewed)			Total BD
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	BD	BD	BD	
Assets measured at fair value				
<i>Non-trading investments:</i>				
- Quoted equity investments	8,496,693	-	-	8,496,693
- Unquoted equity investments	-	-	5,201,032	5,201,032
- Quoted debt instruments	486,347	-	-	486,347
	8,983,040	-	5,201,032	14,184,072
	31 December 2020 (Audited)			Total BD
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	BD	BD	BD	
Assets measured at fair value				
<i>Non-trading investments:</i>				
- Quoted equity investments	7,940,322	-	-	7,940,322
- Unquoted equity investments	-	-	4,594,232	4,594,232
- Quoted debt instruments	486,347	-	-	486,347
	8,426,669	-	4,594,232	13,020,901

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 March 2021 and as of 31 December 2020.

During the three-month period ended 31 March 2021 and year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and there are no transfers into or out of Level 3 fair value measurements.

Level 3 equity investments 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.

Movement in the fair values of financial assets classified as level 3 category was as follows:

	31 March 2021 (Reviewed) BD	31 December 2020 (Audited) BD
At beginning of the period / year	4,594,232	3,715,457
Change in fair values	606,800	878,775
At end of the period / year	5,201,032	4,594,232

9 DIVIDENDS

At the annual general meeting of the shareholders held on 29 March 2021, a final cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,116,366 for the year ended 31 December 2020 was declared. (31 March 2020: 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. Dividends payable are included within 'Trade and other payables' in the interim consolidated statement of financial position as at 31 March 2021 and as at 31 December 2020.

10 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments of BD 36,500 as of 31 March 2021 [31 December 2020 (Audited): BD 36,500].

Tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, outstanding as at 31 March 2021 amounted to BD 789,500 [31 December 2020 (Audited): BD 841,735].

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:

Wholesale operations	Import and distribution of foodstuff.
Retail operations	Import and distribution of foodstuff through supermarkets.
Investments	Investment in quoted and unquoted securities (including investment 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 set 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, investment in an associate, 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, employees' end of service benefits, retention payable, Government grant, 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.

11 SEGMENT REPORTING (continued)

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

Revenue for the three-month period ended 31 March 2021 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,064,484 (2020: BD 986,642) and loss for the three-month period ended 31 March 2021 amounted to BD 44,215 (2020: BD 89,744). The remaining revenue and profit for the three-month period is generated from the primary geographical segment in the Kingdom of Bahrain.

At 31 March 2021, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,254,118 [31 December 2020 (Audited): BD 1,577,895] and total liabilities amounted to BD 1,552,708 [31 December 2020 (Audited): BD 1,444,454]. All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Reviewed)

11 SEGMENT REPORTING (continued)

Three-month period ended 31 March 2021 (Reviewed)

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2021 and 31 March 2020:

	<i>Wholesale operations</i>		<i>Retail operations</i>		<i>Investments</i>		<i>Dairy products and beverages</i>		<i>Fruits and vegetables</i>		<i>Storage and logistics</i>		<i>Adjustments and eliminations</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Revenue - third parties	4,250,476	4,840,437	288,048	451,785	-	-	3,857,931	4,135,600	435,625	585,554	168,800	155,209	-	-	9,000,880	10,168,585
Revenue - inter segments	195,621	288,869	293	-	-	-	22,890	55,852	16,379	189	32,344	39,252	(267,527)	(384,162)	-	-
Total revenue	4,446,097	5,129,306	288,341	451,785	-	-	3,880,821	4,191,452	452,004	585,743	201,144	194,461	(267,527)	(384,162)	9,000,880	10,168,585
Costs of revenue (excluding depreciation)	(3,808,221)	(4,450,368)	(245,118)	(416,481)	-	-	(2,731,369)	(2,747,361)	(371,836)	(497,586)	(50,763)	(48,329)	230,108	349,002	(6,977,199)	(7,811,123)
Gross profit	637,876	678,938	43,223	35,304	-	-	1,149,452	1,444,091	80,168	88,157	150,381	146,132	(37,419)	(35,160)	2,023,681	2,357,462
Other operating income	31,109	32,356	506	897	-	-	13,062	10,407	15,845	8,631	4,490	6,433	(29,160)	(33,552)	35,852	25,172
Other expenses (excluding depreciation)	(558,430)	(604,586)	(29,854)	(41,190)	-	-	(724,033)	(807,087)	(81,959)	(82,474)	(27,180)	(27,943)	47,343	49,476	(1,374,113)	(1,513,804)
Depreciation on property, plant and equipment	(35,180)	(23,396)	(4,764)	(6,009)	-	-	(136,592)	(130,347)	(12,612)	(12,948)	(76,010)	(76,072)	(4,127)	(4,127)	(269,285)	(252,899)
Depreciation on right-of-use of assets	(27,646)	(27,645)	(11,274)	(18,524)	-	-	(67,983)	(67,937)	(4,821)	(4,450)	(9,559)	(9,559)	19,236	19,236	(102,047)	(108,879)
Profit (Loss) from operations	47,729	55,667	(2,163)	(29,522)	-	-	233,906	449,127	(3,379)	(3,084)	42,122	38,991	(4,127)	(4,127)	314,088	507,052
Investment income - net (including share of results of an associate)	-	-	4,642	6,699	643,224	780,725	40,552	28,052	-	-	-	-	(170,382)	(242,771)	518,036	572,705
Finance costs	(24,946)	(31,559)	(906)	(1,332)	-	-	(142)	(1,479)	(6,231)	(10,883)	(18,234)	(22,550)	18,508	24,843	(31,951)	(42,960)
Finance costs on lease liabilities	(16,014)	(15,891)	(786)	(2,142)	-	-	(15,866)	(13,227)	(76)	(261)	-	-	-	-	(32,742)	(31,521)
Foreign exchange gains, net	-	-	-	-	-	-	7,917	5,188	-	-	-	-	-	-	7,917	5,188
Profit (Loss) for the period	6,769	8,217	787	(26,297)	643,224	780,725	266,367	467,661	(9,686)	(14,228)	23,888	16,441	(156,001)	(222,055)	775,348	1,010,464
Capital expenditure	1,047	102,400	4,787	-	24,838	-	-	147,502	7,240	1,359	-	455	-	-	37,912	251,716

The following table presents the details of segmental assets and liabilities as at 31 March 2021 and 31 December 2020:

	<i>Wholesale operations</i>		<i>Retail operations</i>		<i>Investments</i>		<i>Dairy products and beverages</i>		<i>Fruits and vegetables</i>		<i>Storage and logistics</i>		<i>Adjustments and eliminations</i>		<i>Total</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Assets	14,333,315	14,043,924	436,166	476,743	22,158,216	21,081,047	14,990,698	14,569,763	1,786,228	1,729,654	3,702,298	3,709,833	(10,238,643)	(10,140,169)	47,168,278	45,470,795
Liabilities	9,687,137	8,555,290	228,173	270,427	-	-	5,214,511	5,051,973	1,209,177	1,138,790	2,107,179	2,138,605	(2,708,318)	(2,758,547)	15,737,859	14,396,538

12 RELATED PARTY TRANSACTIONS

Related parties represent associate, 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 and other comprehensive income for the three-month periods ended 31 March 2021 and 31 March 2020 respectively, are as follows:

	<i>Three-month period ended 31 March 2021</i>			
	<i>Revenue BD</i>	<i>Costs of revenue BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies	12,146	2,511	4,913	-
Companies with common directors	91,799	167,768	347,766	46,813
	103,945	170,279	352,679	46,813
	<i>Three-month period ended 31 March 2020</i>			
	<i>Revenue BD</i>	<i>Costs of revenue BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies	283	1,056	-	-
Companies with common directors	70,041	181,502	302,877	66,097
	70,324	182,558	302,877	66,097

Balances with related parties included in the interim consolidated statement of financial position as at 31 March 2021 and as at 31 December 2020, are as follows:

	<i>At 31 March 2021 (Reviewed)</i>		<i>At 31 December 2020 (Audited)</i>	
	<i>Due from BD</i>	<i>Due to BD</i>	<i>Due from BD</i>	<i>Due to BD</i>
Associated companies	13,519	102	6,466	2,651
Companies with common directors	164,728	177,193	143,436	216,608
	178,247	177,295	149,902	219,259

Investment in an associate and share of results of an associate are disclosed on the face of interim statement of financial position and interim statement of profit or loss and other comprehensive income respectively.

Terms and conditions

Transactions are made at prices agreed mutually with the related parties. Outstanding balances at the period-end and year-end arose in the normal course of business 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 personnel during three-month period ended was as follows:

	<i>Three-month period ended</i>	
	<i>31 March (Reviewed)</i>	
	2021	2020
	BD	BD
Short-term benefits	106,954	101,024
Employees' end of service benefits	3,026	3,547
	109,980	104,571