

TRAFCO GROUP B.S.C.

**REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT ON CORPORATE GOVERNANCE CODE**

31 DECEMBER 2020

Report of the Board of Directors for 2020

In the name of Allah, Most Gracious, Most Merciful

The year 2020 began with the spread of Coronavirus (the Covid-19 pandemic) throughout the world, and countries were affected to different degrees at the beginning, then it intensified over the time, and many countries took temporary closures followed by a lockdown. In Bahrain when the first case of virus was discovered on 21 February 2020, the committee in charge of handling the pandemic headed by His Royal Highness Prince Salman Bin Hamad Al Khalifa, Crown Prince and Prime Minister took firm decisions and precautionary measures to prevent the spread of the pandemic. The companies and commercial entities in the Kingdom were extended support by the Government with its direct and indirect financial subsidy on the salaries & wages and utilities to cover part of the losses because of lockdown and to resume their commercial activities. During the year Trafco Group of companies received a total amount of BD 563k as Government support which was included in the consolidated financials of the Group.

Although the decline of the fuel prices in the global markets had a positive effect on the decrease in the prices of commodities like vegetable oil and sugar at the beginning of the year, the disruptions in supply chains and the migration of labor force to their native countries producing basic raw materials have reversed the situation in recent months. On the other hand, transport & logistics operations, the availability of containers, the disrupted movement of goods from one port to another and the decline in airline operations caused an increase in shipping freight in general and an increase in the overall cost of imports. As a result of the preventive measures taken by the authorities in the Kingdom of Bahrain to protect citizens and residents with the temporary closure or reduction of hotels, restaurants & catering (HORECA) segment, the demand for imported food commodities especially for this sector had a major impact. The cessation of passenger traffic through the King Fahd Causeway, the decline in air and land travel and the curtailment of tourist traffic impacted significantly resulting in decline in sales in certain sectors forcing traders to sell the inventory below the cost to avoid product expiry.



Under these difficult circumstances, Trafco Group continued its commercial activities and despite the decline in sales in catering segment it managed during the fiscal year to achieve total sales of BD 36.9 million compared to BD 37.7 million of the previous year, a slight drop of 2% but the net profit attributable to the shareholders of Trafco Group was up by about 5% at BD 1.44 million compared to last year's BD 1.37 million. It is noteworthy that the profits from the investment portfolio amounted this year to BD 669k compared to BD 683k of the previous year.

Awal Dairy Company W.L.L

The total sales of this subsidiary company of the Group for the financial year amounted to BD 15.3 million compared to BD 14.69 million for the previous year, an increase of 4%. The demand for the company's products continued well during the year in the local markets and the sales in Kuwait were better during the year, but the company's branch in the Eastern Province of the Kingdom of Saudi Arabia was unable to achieve the expected budget due to several factors, the most important of which is the increased rate of value added tax (VAT) from 5% to 15% for certain items, especially juices and ice cream led to a decline in the volume of sales in addition to the obstacles related to the Covid-19 pandemic apart from the intermittent closure of movement on the King Fahd causeway. The company continued to focus on exporting by sea to some neighboring countries and to the African continent and obtained several contracts from regional and international companies for co-packing their products under their own brand. The company's management hopes during the new year that it will be able to maintain its share in the local market and increase it in the export market, despite the increase in the cost of imported raw materials like milk powder, tomatoes, sugar, and butter. The Board of Directors approved capital investments for maintenance and replacement of new machinery up to BD 400,000.

Bahrain Water Bottling & Beverages Company W.L.L.

The total sales of the company increased during the fiscal year, but because of intense competition from several local companies, the wholesale price of bottled water reduced affecting the total sales that decreased marginally from BD 1.8 million last year to BD 1.6 million this year. It also reflected on the net profit and the company made a net profit of BD 42k this year compared to BD 58k in the previous year with drop of 28%. The company also lost several contracts for private labeling of bottled water in the hotels and catering segment as a direct impact of the pandemic since the catering segment stopped many of their activities. However, the management succeeded in gaining the access of a number of supermarkets and retail stores to manufacture water under their brands. Since the production capacity of the factory reached more than 92% and in view of the expected



market expansion and the increase in the demand for bottled water during the coming period, the management took a decision to invest BD 260k to import new filling lines that are expected to be installed by June 2021 with the start of summer season and this expansion will enable the company to increase its production capacity by more than 60% over the current capacity.

Trafco Logistics Company W.L.L.

Despite the difficult market conditions, the company maintained its share of warehousing operations and other logistics business and the total revenue for the fiscal year was around BD 852k compared to BD 875k last year with a slight decrease of 3% and the company achieved a net profit of BD 106k for the year as against BD 115k last year, a drop of 8% due to competition from other companies. Although the pandemic led to an increase in inventory and demand for freezer warehouses, prices did not improve and the high cost of electricity and limited space for freezers in the company affected the profitability. The company is studying the possibility of expansion with the construction of additional warehouses for frozen food products on the unutilized area of the leased land belonging to the group in the Samaheej area and hopes to execute the expansion by the end of this year depending on market conditions.

Bahrain Fresh Fruit Company W.L.L.

The total sales of the company decreased by about 8.5% from BD 2.35 million last year to BD 2.15 million this year as a result of intense competition in the vegetable and fruit market apart from a significant decline in sales to the catering sector. However, the losses decreased this year to the tune of BD 5k compared to the loss of BD 39k last year. The company is heading to diversify the products it deals in and will continue to import frozen goods to improve its performance in the coming years.

Metro Markets W.L.L.

This company, which was established to be the retail arm of the group in the FMCG sector, is still suffering from a decline in sales in most of its branches as a result of stiff competition from large hyper markets as well as other supermarkets in the neighborhood which led to a decision to close one of its branches in East Riffa, thus reducing the number of branches of the company from 5 to 4. The company's total sales declined by about 25% from BD 1.9 million in the previous year to BD 1.4 million this year and the total comprehensive losses this year increased to BD 91k compared to BD 38k losses in the previous year. The



company is studying to revamp its operations and reduce expenses as much as possible and focus on branches that are financially feasible in the current market conditions.

Bahrain Livestock Company B.S.C. (C)

The company continues its operations in importing and trading livestock and meat of all kinds managing its main slaughterhouse in Sitra and adhering to all health requirements but the demand from livestock traders to use Government approved slaughterhouses is still low. In addition, sales of fresh meat are declining and many outlets have become dependent on frozen meat due to lower prices. Last year, the company created a division to serve the hotels & catering sector for various food products as a kind of diversification and achieved some success, but the intermittent closure of the catering sector and the decline in demand in this area affected the total sales of the company and the company achieved losses in this fiscal year. During the year, the company imported an experimental quantity of around 3000 heads of live sheep for the first time from South Africa and the quality was good but with a limited demand.

Issues Related to Corporate Governance Process

The Group complies with all Corporate Governance Code requirements and the related Committees and Executive Management follow these matters. The annual report clearly indicates all information regarding the directors and their participation in different committees. The Board of Directors would like to inform the shareholders that some of the Board members may have personal interest or stakeholders in other companies that operate for many years in similar activities of the company. All transactions with related parties including Board members or companies that they may have interest in are being disclosed in full transparency and on normal commercial basis.

As a part of its social responsibility Trafco Group donated in total of BD 30K to the charity campaign that was carried out by Royal Humanitarian Organization at the beginning of the year to support COVID-19 social activities.

Trafco Group also managed during the year to be accredited with the internationally recognized certificates of ISO 2200:2015 and HACCP in FMCG handling, storage, and distribution.



In October 2020, a new warehouse premises built on our owned land in Hidd area was completed and put into operation. The total investment in building construction plus new equipment's purchased was about BD 1.1 million.

Net profit and recommendation on how to distribute it:

The net profit attributable to the shareholders of Trafco Group for the financial year ended 31 December 2020 as per the audited financials was BD 1,446,226. The Board of Directors recommends the distribution of the profits as follows subject to the approval of the annual general meeting:

- | | | |
|---|----|-----------|
| • Statuary reserve | BD | 110,453 |
| • General reserve | BD | 50,000 |
| • Cash dividend to shareholders at 15 % | BD | 1,116,366 |
| • Allocation to donations and charity
(to be adjusted next year) | BD | 50,000 |

The directors' remuneration of BD 92,250 (subject to the approval of the annual general meeting) was already provided from the above net profit.

The final retained earnings carried to next year will be as follows :

- | | | |
|---|----|-----------|
| • Balance profit carried from this year | BD | 169,407 |
| • Retained earnings carried from previous
year (with internal adjustments) | BD | 3,094,172 |
| • Total retained earnings carried to
next year 2021 | BD | 3,263,579 |

The Group achieved profits on sale of investments BD 77,360 which was not included in the statement of income but was included in the shareholders 'equity through other comprehensive income in compliance with the IFRS requirements.



Acknowledgment

Concluding this report, on behalf of all the shareholders of the company we are pleased to extend our sincere thanks, gratitude and appreciation to the wise leadership of His Majesty King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister and ministers and officials from the ministries and institutions of the Kingdom of Bahrain for the material and moral support they provided to local companies and commercial establishments to enable them to continue working and overcome the difficulties that resulted from the Covid-19 pandemic and help to reduce its negative effects on the economy and social life. We especially remember with appreciation and thank the efforts of the members of the national medical team who are still doing their best to handle the successive waves of this epidemic and work to protect members of society and maintain the health and safety of everyone.

We also do not forget to gratefully appreciate the efforts of the executive management and all the group's employees for their dedication to work to achieve positive results under these difficult circumstances. We also thank all the Group's customers and suppliers and their support for the Group's products, subsidiaries, and associates, and for effective cooperation in distributing our products to the consumers.

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

Kingdom of Bahrain
24 February 2021



Ernst & Young - Middle East
P.O. Box 140
10th Floor, East Tower
Bahrain World Trade Centre
Manama
Kingdom of Bahrain

Tel: +973 1753 5455
Fax: +973 1753 5405
manama@bh.ey.com
C.R. No. 29977-1

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRAFCO GROUP B.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

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 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TRAFCO GROUP B.S.C. (continued)**

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

Key audit matters (continued)

1. Valuation of unquoted equity investments	
Refer to notes 4 and 13 to the consolidated financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The Group holds unquoted equity investments of BD 4,594,232 as at 31 December 2020, which accounts for 10% of the Group's total assets. These investments are measured at fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.</p> <p>Due to the illiquid nature of these investments, the determination of fair value is subjective and involves estimates and judgements. The exit value of unquoted equity investments will be determined by the market at the time of realisation and therefore despite the valuation policy and judgments applied by management, the final exit value may materially differ from the fair value determined at the reporting date.</p> <p>Given the inherent subjectivity surrounding the valuation of unquoted equity investments, we determined this to be a key audit matter for our audit.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> (i) Evaluating the independent external valuation expert's competence, capabilities and objectivity where independent valuation expert is used; (ii) Assessing the appropriateness of the valuation methodologies used by the independent external valuation expert; (iii) Corroborating the key inputs used in the valuation with independently available information; (iv) Reviewing the appropriateness of illiquidity and other discounts applied on the valuation; (v) Checking the arithmetical accuracy of the calculation used in the valuation; and (vi) Evaluating the adequacy of disclosures in the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRAFCO GROUP B.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key audit matters (continued)

2. Allowance for expected credit losses for trade receivables	
Refer to notes 4 and 16 to the consolidated financial statements.	
<p>The Group has gross trade receivables (including related party receivables) of BD 8,389,744 which accounts for 18% of the Group's total assets. The allowance for expected credit losses as of 31 December 2020 is BD 918,738.</p> <p>The Group applied the simplified approach to measuring Expected Credit Losses (ECL) on trade receivables as allowed by IFRS 9. The determination of the ECL allowance for trade receivables involves estimates and assumptions in relation to loss rates based on past history of defaults, existing market conditions, segmentation of customers based on credit characteristics as well as forward looking estimates.</p> <p>Due to the significance of trade receivables and subjectivity involved in the determination of ECL, this is considered as a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> (i) Testing accuracy of ageing of trade receivables; (ii) Assessing the appropriateness of segmentation of customers based on credit characteristics; (iii) Assessing the Group's ECL allowance policies including reasonableness of the inputs used; and (iv) Assessing the adequacy of the disclosures in relation to trade receivables and allowance for ECL.

Other information included in the Group's 2020 annual report

Other information consists of the information included in the Group's 2020 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the report of the Board of Directors and the Report on Corporate Governance Code which form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRAFCO GROUP B.S.C. (continued)

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRAFCO GROUP B.S.C. (continued)

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRAFCO GROUP B.S.C. (continued)

Report on Other Legal and Regulatory Requirements

We report that:

- a) as required by the Bahrain Commercial Companies Law:
 - i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - ii) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and
 - iii) satisfactory explanations and information have been provided to us by management in response to all our requests; and
- b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2020 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.
- c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
 - i) has appointed a Corporate Governance Officer; and
 - ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor's report is Kazim Merchant.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

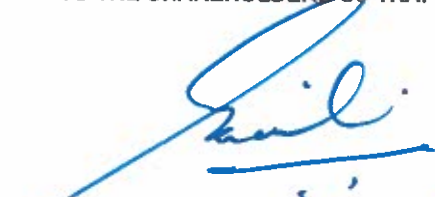
Auditor's Registration No. 244
24 February 2021
Manama, Kingdom of Bahrain


Trafco Group B.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 BD	2019 BD
Revenue	6	36,872,359	37,705,414
Costs of revenue		(29,168,314)	(29,671,454)
GROSS PROFIT		7,704,045	8,033,960
Other operating income		210,118	118,561
Personnel costs	7	(3,841,461)	(3,778,538)
General and administrative expenses		(920,143)	(994,473)
Selling and distribution expenses		(978,521)	(822,836)
Depreciation on property, plant and equipment	10	(427,423)	(348,131)
Depreciation on right-of-use assets	11	(352,118)	(384,442)
PROFIT FROM OPERATIONS		1,394,497	1,824,101
Investment income	8	669,222	682,774
Government assistance	2	563,211	-
Finance costs	7	(132,457)	(200,679)
Finance costs on lease liabilities	20	(126,412)	(154,802)
Share of results of an associate	12	(99,693)	(57,838)
Foreign exchange gains - net		32,579	4,228
PROFIT OF THE GROUP FOR THE YEAR	7	2,300,947	2,097,784
of which attributable to non-controlling interests		(854,721)	(730,201)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,446,226	1,367,583
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	9	19	18
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items not to be reclassified to profit or loss in subsequent years:</i>			
- Gain on disposals of non-trading investments		77,360	201,192
- Net changes in fair value of non-trading investments		315,022	1,118,052
- Net changes in fair value of associate's non-trading investments	12	(33,585)	(4,129)
		358,797	1,315,115
<i>Item to be reclassified to profit or loss in subsequent years:</i>			
- Foreign exchange differences on translation of foreign operations		39,035	(4,084)
Other comprehensive (loss) income for the year		397,832	1,311,031
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR		2,698,779	3,408,815
of which attributable to non-controlling interests	26	(861,639)	(760,100)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,837,140	2,648,715


Ebrahim Mohamed Ali Zainal
Chairman


Yusuf Saleh Abdulla AlSaleh
Vice Chairman


S Sridhar
Group Chief Executive Officer

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

Trafco Group B.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 BD	2019 BD
ASSETS			
Non-current assets			
Property, plant and equipment	10	9,513,364	9,916,607
Right-of-use assets	11	2,118,713	2,241,007
Investment in an associate	12	1,439,991	1,573,269
Non-trading investments	13	13,020,901	12,275,423
		<u>26,092,969</u>	<u>26,006,306</u>
Current assets			
Inventories	15	7,903,140	8,414,823
Trade and other receivables	16	7,848,914	8,628,912
Bank balances and cash	17	3,625,772	2,327,365
		<u>19,377,826</u>	<u>19,371,100</u>
TOTAL ASSETS		<u>45,470,795</u>	<u>45,377,406</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	8,067,505	8,067,505
Treasury shares	18	(1,644,095)	(1,644,095)
Share premium	18	3,386,502	3,386,502
Statutory reserve	18	4,033,753	3,923,300
General reserve	18	1,465,000	1,415,000
Fair value reserve	18	6,647,047	6,353,401
Foreign currency reserve	18	(16,702)	(36,610)
Retained earnings - non-distributable	18	496,736	427,232
Retained earnings - distributable		3,263,579	3,086,316
Proposed appropriations		1,166,366	1,166,366
Equity attributable to the shareholders of Trafco		<u>26,865,691</u>	<u>26,144,917</u>
Non-controlling interests	26	4,208,566	3,621,327
Total equity		<u>31,074,257</u>	<u>29,766,244</u>
Non-current liabilities			
Lease liabilities	20	1,732,148	1,803,064
Employees' end of service benefits	21	1,517,158	1,398,629
Term loans	23	796,770	747,292
Retentions payable		-	80,294
Government grant	22	47,666	-
		<u>4,093,742</u>	<u>4,029,279</u>
Current liabilities			
Trade and other payables	24	4,978,795	6,393,612
Import loans	25	3,749,557	3,198,139
Bank overdrafts	17	653,532	1,010,086
Lease liabilities	20	494,822	508,361
Contract and refund liabilities		183,143	318,866
Term loans	23	195,376	152,819
Retentions payable		43,904	-
Government grant	22	3,667	-
		<u>10,302,796</u>	<u>11,581,883</u>
Total liabilities		<u>14,396,538</u>	<u>15,611,162</u>
TOTAL EQUITY AND LIABILITIES		<u>45,470,795</u>	<u>45,377,406</u>

Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla AlSaleh
Vice Chairman

S. Shihai
Group Chief Executive Officer

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

Trafco Group B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 BD	2019 BD
OPERATING ACTIVITIES			
Profit of the Group for the year		2,300,947	2,097,784
Adjustments for:			
Finance costs	7	132,457	200,679
Gain on disposals of property, plant and equipment	7	(3,973)	(7,816)
Write off on disposals of property, plant and equipment	7	11,041	14,862
Investment income	8	(669,222)	(682,774)
Depreciation on property, plant and equipment	10	1,036,100	973,657
Depreciation on right-of-use assets	11	439,218	479,538
Share of results of an associate	12	99,693	57,838
Provision for slow moving and obsolete of inventories	15	35,032	45,635
Allowance for expected credit losses	16	187,877	65,269
Finance cost on lease liabilities	20	126,412	154,802
Gain on lease termination	20	(7,269)	-
Lease rental concession relating to COVID-19	20	(4,212)	-
Provision for employees' end of service benefits	21	208,583	209,018
Amortisation of Government grant	22	(3,667)	-
Operating profit before changes in working capital		3,889,017	3,608,492
Working capital changes:			
Inventories		476,651	(691,085)
Trade and other receivables		592,121	(317,139)
Trade and other payables		(872,960)	(82,685)
Contract and refund liabilities		(135,723)	152,814
Net cash generated from operations		3,949,106	2,670,397
Directors' remuneration paid		(140,425)	(167,025)
Employees' end of service benefits paid	21	(90,054)	(143,052)
Net cash flows from operating activities		3,718,627	2,360,320
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(650,173)	(1,820,249)
Proceeds from disposals of property, plant and equipment		10,248	11,469
Purchase of non-trading investments	13	(498,286)	(404,421)
Proceeds from disposals of non-trading investments	13	145,190	408,873
Dividends and interest received		669,222	682,774
Receipt of Government grant	22	55,000	-
Net cash flows used in investing activities		(268,799)	(1,121,554)
FINANCING ACTIVITIES			
Term loans availed	29	200,000	500,000
Repayment of term loans	29	(107,965)	(74,810)
Net movement in import loans	29	551,418	898,992
Movements in retentions payables	29	(36,390)	71,289
Payment of principal portion of lease liabilities	29	(389,898)	(409,120)
Finance costs on lease liabilities	20	(126,412)	(154,802)
Finance costs paid on loans and borrowings		(128,933)	(197,148)
Dividends paid	29	(1,521,322)	(1,329,914)
Dividend paid to non-controlling interests		(274,400)	(245,000)
Purchase of treasury shares	18	-	(777,999)
Net cash flows used in financing activities		(1,833,902)	(1,718,512)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange translation differences		39,035	(4,084)
Cash and cash equivalents at 1 January		1,317,279	1,801,109
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	17	2,972,240	1,317,279

Non-cash transactions

- Unclaimed dividends pertaining to prior years amounting to BD 404,956 (2019: BD 37,815) have been excluded from the movement of trade and other payables above.
- Additions to property, plant and equipment and movements of trade and other payables and retentions payable exclude amount payable to a contractor of BD 63,305 for the year ended 31 December 2019.

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

Trafco Group B.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

Notes	Attributable to the shareholders of Trafco														
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value reserve	Reserves					Shareholders' equity	Non-controlling interests	Total equity	
							Foreign currency reserve	Retained earnings-non distributable	Retained earnings - 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)	427,232	3,086,316	1,166,366	16,335,005	26,144,917	3,621,327	29,766,244	
Profit for the year	-	-	-	-	-	-	-	-	1,446,226	-	1,446,226	1,446,226	854,721	2,300,947	
Other comprehensive (loss) income	-	-	-	-	-	371,006	19,908	-	-	-	390,914	390,914	6,918	397,832	
Total comprehensive (loss) income for the year	-	-	-	-	-	371,006	19,908	-	1,446,226	-	1,837,140	1,837,140	861,639	2,698,779	
2019 Appropriations:															
- General reserve - 2019	18	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
- Dividends paid - 2019	19	-	-	-	-	-	-	-	-	(1,116,366)	(1,116,366)	(1,116,366)	-	(1,116,366)	
2020 - Proposed appropriations:															
- General reserve - 2020	18	-	-	-	-	-	-	-	(50,000)	50,000	-	-	-	-	
- Proposed dividend - 2020	19	-	-	-	-	-	-	-	(1,116,366)	1,116,366	-	-	-	-	
Purchase of treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(274,400)	(274,400)	
Transfer to statutory reserve	18	-	-	-	110,453	-	-	-	(110,453)	-	-	-	-	-	
Gain on disposals of non-trading Investment		-	-	-	-	(77,360)	-	-	77,360	-	-	-	-	-	
Transfer by a subsidiary	18	-	-	-	-	-	-	69,504	(69,504)	-	-	-	-	-	
Balance at 31 December 2020		8,067,505	(1,644,095)	3,386,502	4,033,753	1,465,000	6,647,047	(16,702)	496,736	3,263,579	1,166,366	17,055,779	26,865,691	4,208,566	31,074,257

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

Trafco Group B.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Attributable to the shareholders of Trafco											Non-controlling interests	Total equity	
		Reserves													
		Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value reserve	Foreign currency reserve	Retained earnings-non distributable	Retained earnings - distributable	Proposed appropriations	Total reserves			Shareholders' equity
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	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 year		-	-	-	-	-	-	-	-	1,367,583	-	1,367,583	1,367,583	730,201	2,097,784
Other comprehensive income (loss)		-	-	-	-	-	1,283,215	(2,083)	-	-	-	1,281,132	1,281,132	29,899	1,311,031
Total comprehensive income (loss) for the year		-	-	-	-	-	1,283,215	(2,083)	-	1,367,583	-	2,648,715	2,648,715	760,100	3,408,815
2018 Appropriations:															
- General reserve - 2018	18	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-
- Dividends paid - 2018	19	-	-	-	-	-	-	-	-	-	(1,367,729)	(1,367,729)	(1,367,729)	-	(1,367,729)
2019 - Proposed appropriations:															
- General reserve - 2019	18	-	-	-	-	-	-	-	-	(50,000)	50,000	-	-	-	-
- Proposed dividend - 2019	19	-	-	-	-	-	-	-	-	(1,116,366)	1,116,366	-	-	-	-
Dividend to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(245,000)	(245,000)
Dividend relating to treasury shares		-	-	-	-	-	-	-	-	17,100	(17,100)	-	-	-	-
Purchase of treasury shares		-	(777,999)	-	-	-	-	-	-	-	-	-	(777,999)	-	(777,999)
Gain on disposals of non-trading investments		-	-	-	-	-	(196,741)	-	-	196,741	-	-	-	-	-
Transfer to statutory reserve	18	-	-	-	136,758	-	-	-	-	(136,758)	-	-	-	-	-
Transfer by a subsidiary	18	-	-	-	-	-	-	-	73,758	(73,758)	-	-	-	-	-
Balance at 31 December 2019		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

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

Trafco Group B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

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 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 consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2021. The Group comprises of the Company and its following subsidiaries and associates:

<i>Relationship / name</i>	<i>Country of incorporation</i>	<i>Ownership interest</i>		<i>Principal activities</i>
		<i>2020</i>	<i>2019</i>	
Subsidiaries				
Bahrain Water Bottling & Beverages Company W.L.L. (formerly Bahrain Water Bottling & Beverages Company S.P.C.)	Kingdom of Bahrain	100%	100%	Producing, bottling and marketing of sweet drinking water and beverages.
Bahrain Fresh Fruits Company W.L.L. (formerly Bahrain Fresh Fruits Company S.P.C.)	Kingdom of Bahrain	100%	100%	Trading in fresh fruits, vegetables and other food products.
Metro Market W.L.L. (formerly Metro Market S.P.C.)	Kingdom of Bahrain	100%	100%	Trading in food items and beverages.
Trafco Logistics Company W.L.L. (formerly Trafco Logistics S.P.C.)	Kingdom of Bahrain	100%	100%	Providing storage and logistics services.
Awal Dairy Company W.L.L.	Kingdom of Bahrain	51%	51%	Production and supply of milk, juices, ice cream and tomato paste.
Kuwait Bahrain Dairy Company W.L.L.*	State of Kuwait	50%*	50%*	Marketing and supply of milk, juices and associated products.
Associates				
Bahrain Livestock Company B.S.C. (c)	Kingdom of Bahrain	36.26%	36.26%	Import of both livestock and chilled meat.
Qatari Bahraini Food Trading Co. L.L.C.	State of Qatar	50%	50%	Under liquidation.

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

Except for Awal Dairy Company W.L.L. and its subsidiary Kuwait Bahrain Dairy Company W.L.L. which have 30 September financial year-ends, the financial year-end of all the remaining subsidiaries and associates is 31 December.

The Group operates in the Kingdom of Bahrain, State of Kuwait and Kingdom of Saudi Arabia through its subsidiary.

2 IMPACT OF CORONAVIRUS (COVID-19)

During the year, 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 563,211 related to the assistance provided by the Government of the Kingdom of Bahrain during the year ended 31 December 2020. 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 31 December 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 31 December 2020. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations, the extent of which is presently undeterminable.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, except for non-trading 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.

The Group previously presented statements of profit or loss and comprehensive income as two separate statements. In the current year, the Group has chosen to present these as a single statement as in the opinion of management this is consistent with the industry practice and also more fairly presents the Group's financial performance.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with 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 2020. 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 results 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income(OCI) are attributed to the shareholders 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, cash flows and unrealised gains or losses 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 profit or loss. Any investment retained is recognised at fair value.

New and amended standards and interpretations effective as of 1 January 2020

The accounting and reporting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain new standards and interpretations and amendments to standards and interpretations adopted by the Group as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations 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 clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the 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 uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations effective as of 1 January 2020 (continued)

Amendments to IFRS 16 COVID-19 Related Rent Concessions (continued)

The Company early adopted amendment during the year ended 31 December 2020 and applied the practical expedient for all its rent concessions related to leases. Further, the Company has recognised lease concession on a lease agreement amounting to BD 4,212 (2019: nil) in the statement of comprehensive income for the year ended 31 December 2020.

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, nor is there expected to be any future impact on the Company's financial statements.

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. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Several other new standards and interpretations and amendments to standards and interpretations applied for the first time in 2020. However, they did not impact the Group's consolidated financial statements.

Foreign currency transactions

The Group's consolidated financial statements are presented in Bahraini Dinars (BD) which is also the 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 to profit or loss the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)

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 other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into BD 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 other comprehensive income. On disposal of a foreign operation, the component recognised in the consolidated statement of changes in equity relating to that particular foreign operation is recognised in profit or loss.

Revenue recognition

Revenue from contract with customers

The Group is in the business of production, marketing and trading in food products and beverages and providing storage and logistics services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The recognition criteria for various types of revenue are as follows:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). Presently only variable consideration has an effect on the Group's revenue recognition.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customers. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return, volume rebates and display fees. The rights of return, volume rebates and display fees give rise to variable consideration.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Variable consideration (continued)

• *Right of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

• *Volume rebates*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customers. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a contract liability for the expected future rebates.

• *Display fees*

The Group pays display fees to its customers for renting of shelf for displaying its products. Display fees are offset against amounts payable by the customer. Display fees give rise to variable consideration which the Group applies by reducing the revenue.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies relating to financial assets later in this note for further details.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to the accounting policy on variable consideration earlier in this note.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to the statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal instalments.

Other income recognition

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 of the investee 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 profit or loss 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.

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 profit or loss in the year the asset is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.
Right of return asset	-	Original cost less estimated cost necessary to make sale.

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.

Leases - Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets, as follows:

- Land	15 years
- Buildings	3 to 5 years
- Motor vehicles	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases - Group as a lessee (continued)

ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the recognition of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Prior to adoption of IFRS 16, the Group accounting policies for leases are that a lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

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 or other available fair value indicators.

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 CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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 are similar to those necessary to determine control over subsidiaries. The Group's investment in an associate is accounted for using the equity

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate (continued)

Group's share of the results of operations of the associate is included in profit or loss outside operating profit and represents results after tax and non-controlling interests in the subsidiaries of the associate. Any change in other comprehensive income of the associate is presented as part of the Group's 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 investment in 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 its investment in associate and its carrying value, then recognises the loss as 'Share of results of associate' in profit or loss.

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 profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Financial instruments - recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition and measurement (continued)

Financial assets

Initial recognition and measurement

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

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

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

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

The group's financial assets include non-trading investments, trade and other receivables, bank balances and cash.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments); and
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition and measurement (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

Equity instruments

The Group classifies equity instruments at FVOCI if the asset is not held for trading. A financial asset is held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- (c) it is a derivative (except for derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets classified at FVOCI are subsequently measured at fair value with changes in fair value recognised in other comprehensive income. The cumulative gains or losses recognised in "Fair value reserve" within the consolidated statement of changes in equity are never reclassified to the profit and loss, even on disposals.

Dividends are recognised as investment income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's equity instruments at fair value through other comprehensive income includes investments in equity instruments of quoted and unquoted companies and are included in non-trading investments.

(ii) Debt instruments

The Group measures debt instruments at FVOCI if both of the following conditions are met:

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

Investments in debt instruments classified at FVOCI are subsequently measured at fair value with changes in fair value are recognised in other comprehensive income. The cumulative gains or losses recognised in 'fair value reserve' within consolidated statements of changes equity and are recognised in profit or loss on disposal.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The Group's debt instruments at FVOCI include investments in quoted debt instruments and are included in non-trading investments.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For trade receivables which is the only significant financial asset exposed to credit risk, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any relevant forward-looking factors.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings and other factors to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition and measurement (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost as appropriate. All financial liabilities are recognised initially at fair value and, in the case financial liabilities at amortised cost, net of directly attributable transaction costs. The Group's financial liabilities mainly include trade and other payables, term loans, import loans and bank overdrafts.

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. 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. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Trade and other payables

Liabilities for trade and other payables are carried at amortised cost.

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 profit or loss.

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.

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 by the Group.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Treasury shares

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

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 profit or loss, net of any reimbursement.

Employees' end of service benefits

The Group makes contributions to the Social Insurance Organisation (SIO), Bahrain for its Bahraini employees and Public Authority for Social Security, Kuwait for its Kuwaiti employees, Kingdom of Saudi Arabia for its Saudi 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

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

Going concern

The Company's Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

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 "financial asset at fair value through other comprehensive income". 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 "financial asset at fair value through other comprehensive income".

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

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.

Valuation of unquoted non-trading investments

Management uses its best judgement in determining fair values of the unquoted private equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using a market multiples or other appropriate valuation methodologies. 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 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 and next year budget.

At the reporting date, gross inventories amounted to BD 8,643,567 (2019: BD 9,180,374), with a provision for slow moving and obsolete inventories of BD 740,427 (2019: BD 765,551). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss.

Impairment of property, plant and equipment and right-of-use of assets

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 Board of Directors does not believe that there is any impairment of property, plant and equipment and right-of-use of assets as at 31 December 2020 and 31 December 2019.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses

The determination of 'allowance of expected credit losses' as discussed in note 3 involves estimates and assumptions.

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

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

At the reporting date, gross trade receivables (including related party receivables) were BD 8,389,744 (2019: BD 8,732,679), with an allowance for expected credit loss of BD 918,738 (2019: BD 730,861). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Estimating variable consideration for returns and volume rebates

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

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

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

For volume rebates for contract with more than one volume threshold, the Group uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates on a quarterly basis and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2020, the amount recognised as refund liabilities for the expected returns and contract liability for volume rebates was BD 52,792 (2019: BD 222,319) and BD 130,351 (2019: BD 96,547) respectively.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

Trafco Group B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

6 REVENUE

The following table presents the disaggregation of the Group's revenue for the years ended 31 December 2020 and 31 December 2019:

	<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>	
	<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>
	<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>Types of revenue</i>												
Sale of goods	16,539,704	16,825,083	1,345,699	1,896,072	16,233,496	15,920,242	2,117,914	2,342,848	-	-	36,236,813	36,984,245
Rendering of services	-	-	-	-	-	-	-	-	635,546	721,169	635,546	721,169
Total revenue	16,539,704	16,825,083	1,345,699	1,896,072	16,233,496	15,920,242	2,117,914	2,342,848	635,546	721,169	36,872,359	37,705,414
<i>Geographic markets</i>												
Bahrain	16,539,704	16,825,083	1,345,699	1,896,072	11,948,706	12,403,864	2,117,914	2,342,848	635,546	721,169	32,587,569	34,189,036
Other GCC countries	-	-	-	-	4,284,790	3,516,378	-	-	-	-	4,284,790	3,516,378
Total revenue	16,539,704	16,825,083	1,345,699	1,896,072	16,233,496	15,920,242	2,117,914	2,342,848	635,546	721,169	36,872,359	37,705,414
<i>Timing of revenue recognition</i>												
Goods transferred at a point in time	16,539,704	16,825,083	1,345,699	1,896,072	16,233,496	15,920,242	2,117,914	2,342,848	-	-	36,236,813	36,984,245
Services transferred over time	-	-	-	-	-	-	-	-	635,546	721,169	635,546	721,169
Total revenue	16,539,704	16,825,083	1,345,699	1,896,072	16,233,496	15,920,242	2,117,914	2,342,848	635,546	721,169	36,872,359	37,705,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

7 PROFIT OF THE GROUP FOR THE YEAR

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

	2020	2019
	BD	BD
Inventories recognised as an expense on sale of finished goods	27,087,279	27,508,736
Provision for slow moving and obsolete inventories (note 15)	35,032	45,635
Allowance for expected credit losses on trade receivables (note 16)	187,877	65,269
Gain on disposals of property, plant and equipment, net	3,973	7,816
Write off of property, plant and equipment	11,041	14,862
	2020	2019
	BD	BD
<i>Finance costs</i>		
Interest on term loans and import loans	106,691	147,700
Interest on bank overdrafts	20,684	35,256
Bank charges	5,082	17,723
	132,457	200,679
	2020	2019
	BD	BD
<i>Personnel costs</i>		
Salaries and wages	4,428,696	4,188,474
Contributions to Social Insurance Organisation (SIO), Bahrain Public Authority of Social Security, Kuwait and Kingdom of Saudi Arabia	264,579	262,213
Employees' end of service benefits (note 21)	208,583	209,018
Other benefits	411,961	560,929
	5,313,819	5,220,634

The personnel costs have been presented in the consolidated statement of profit or loss as follows:

	2020	2019
	BD	BD
Costs of revenue	1,472,358	1,442,096
Personnel costs	3,841,461	3,778,538
	5,313,819	5,220,634

8 INVESTMENT INCOME

	2020	2019
	BD	BD
Dividend income	585,665	654,871
Interest income	83,557	27,903
	669,222	682,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

9 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of Trafco Group B.S.C. by the weighted average number of shares outstanding during the year, excluding the average number of 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:

	2020	2019
Profit for the year attributable to the shareholders of Trafco – BD	<u>1,446,226</u>	<u>1,367,583</u>
Weighted average number of shares, net of treasury shares	<u>74,424,401</u>	<u>75,268,132</u>
Basic and diluted earnings per share (fils)	<u>19</u>	<u>18</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.

Trafco Group B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

10 PROPERTY, PLANT AND EQUIPMENT

	<i>Freehold land BD</i>	<i>Buildings on leasehold land BD</i>	<i>Plant, machinery and cold store equipment BD</i>	<i>Furniture, fixtures and office equipment BD</i>	<i>Motor vehicles BD</i>	<i>Capital work-in- progress BD</i>	<i>Total BD</i>
Cost:							
At 1 January 2020	1,956,165	7,813,818	14,406,499	1,860,403	3,169,034	1,567,679	30,773,598
Additions	-	7,771	19,716	84,533	65,502	472,651	650,173
Transfers	-	1,283,083	239,428	33,126	261,314	(1,816,951)	-
Disposals / Write offs	-	(10,076)	(209,866)	(9,716)	(102,205)	-	(331,863)
At 31 December 2020	<u>1,956,165</u>	<u>9,094,596</u>	<u>14,455,777</u>	<u>1,968,346</u>	<u>3,393,645</u>	<u>223,379</u>	<u>31,091,908</u>
Accumulated depreciation:							
At 1 January 2020	-	4,588,600	12,211,772	1,562,568	2,494,051	-	20,856,991
Depreciation charge for the year	-	236,572	489,497	89,642	220,389	-	1,036,100
Relating to disposals / write offs	-	(4,446)	(204,122)	(8,188)	(97,791)	-	(314,547)
At 31 December 2020	<u>-</u>	<u>4,820,726</u>	<u>12,497,147</u>	<u>1,644,022</u>	<u>2,616,649</u>	<u>-</u>	<u>21,578,544</u>
Net book values:							
At 31 December 2020	<u>1,956,165</u>	<u>4,273,870</u>	<u>1,958,630</u>	<u>324,324</u>	<u>776,996</u>	<u>223,379</u>	<u>9,513,364</u>

Property, plant and equipment having net book values of BD 91,985 (2019: BD 103,801) are situated on land owned by the Government of Kingdom of Bahrain. No lease agreement exists between the Government and the Group.

Property, plant and equipment of subsidiaries having net book values of BD 4,070,443 (2019: BD 4,451,966) are situated on leasehold land.

Property, plant and equipment of a subsidiary having net book value of BD 539,562 (2019: BD 132,795) are situated on a land leased from a related party.

Trafco Group B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

10 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Freehold land BD</i>	<i>Buildings on leasehold land BD</i>	<i>Plant, machinery and cold store equipment BD</i>	<i>Furniture, fixtures and office equipment BD</i>	<i>Motor vehicles BD</i>	<i>Capital work-in- progress BD</i>	<i>Total BD</i>
Cost:							
At 1 January 2019	1,956,165	7,807,994	13,868,176	1,729,098	3,026,049	709,625	29,097,107
Additions	-	23,690	43,445	113,670	271,850	1,430,899	1,883,554
Transfers	-	18,100	523,795	30,950	-	(572,845)	-
Disposals / Write offs	-	(35,966)	(28,917)	(13,315)	(128,865)	-	(207,063)
At 31 December 2019	<u>1,956,165</u>	<u>7,813,818</u>	<u>14,406,499</u>	<u>1,860,403</u>	<u>3,169,034</u>	<u>1,567,679</u>	<u>30,773,598</u>
Accumulated depreciation:							
At 1 January 2019	-	4,392,195	11,767,706	1,498,037	2,413,944	-	20,071,882
Depreciation charge for the year	-	218,778	472,419	76,630	205,830	-	973,657
Relating to disposals / write offs	-	(22,373)	(28,353)	(12,099)	(125,723)	-	(188,548)
At 31 December 2019	<u>-</u>	<u>4,588,600</u>	<u>12,211,772</u>	<u>1,562,568</u>	<u>2,494,051</u>	<u>-</u>	<u>20,856,991</u>
Net book values:							
At 31 December 2019	<u><u>1,956,165</u></u>	<u><u>3,225,218</u></u>	<u><u>2,194,727</u></u>	<u><u>297,835</u></u>	<u><u>674,983</u></u>	<u><u>1,567,679</u></u>	<u><u>9,916,607</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

10 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2020	<i>2019</i>
	BD	<i>BD</i>
Costs of revenue	608,677	625,526
Depreciation	427,423	348,131
	1,036,100	973,657

11 RIGHT-OF-USE ASSETS

	<i>Land</i>	<i>Buildings</i>	<i>Motor</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>vehicles</i>	<i>BD</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
As at 1 January 2020	1,488,338	666,132	86,537	2,241,007
Remeasurement of lease liabilities	-	29,902	-	29,902
New leases executed	304,688	8,005	44,215	356,908
Termination of lease	-	(69,886)	-	(69,886)
Depreciation for the year	(132,540)	(278,809)	(27,869)	(439,218)
As at 31 December 2020	1,660,486	355,344	102,883	2,118,713

	<i>Land</i>	<i>Buildings</i>	<i>Motor</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>vehicles</i>	<i>BD</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
As at 1 January 2019	1,633,905	856,127	113,618	2,603,650
Addition during the year	-	116,895	-	116,895
Depreciation for the year	(145,567)	(306,890)	(27,081)	(479,538)
As at 31 December 2019	1,488,338	666,132	86,537	2,241,007

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

	2020	<i>2019</i>
	BD	<i>BD</i>
Costs of revenue	87,100	95,096
Depreciation	352,118	384,442
	439,218	479,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

12 INVESTMENT IN AN ASSOCIATE

The Group owns a 36.26% (2019: 36.26%) interest in Bahrain Livestock Company B.S.C. (c), a company registered in the Kingdom of Bahrain and engaged in the import of both livestock and chilled meat in the Kingdom of Bahrain.

The movements in the carrying values of the investment in an associate, are as follows:

	2020	2019
	BD	BD
At 1 January	1,573,269	1,635,236
Share of results for the year	(99,693)	(57,838)
Net changes in fair value of associate's non-trading investments during the year	(33,585)	(4,129)
At 31 December	1,439,991	1,573,269

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

	2020	2019
	BD	BD
<i>Associate's summarised statement of financial position:</i>		
Current assets	3,718,065	4,948,016
Non-current assets	991,996	766,757
Current liabilities	(671,486)	(1,309,923)
Non-current liabilities	(67,686)	(66,437)
Equity	3,970,889	4,338,413
Proportion of the Group's ownership	36.26%	36.26%
Carrying amount of the investment in an associate as of 31 December	1,439,991	1,573,269

	2020	2019
	BD	BD
<i>Associate's summarised statement of income:</i>		
Revenue	5,115,165	9,135,389
Costs of revenue	(4,527,869)	(8,307,949)
General and administration expenses	(678,156)	(665,695)
Depreciation	(62,213)	(104,447)
Finance costs	(121,838)	(216,791)
Loss for the year	(274,911)	(159,493)
Proportion of the Group's ownership	36.26%	36.26%
Group's share of results for the year	(99,693)	(57,838)

The share of results of the associate is recognised based on the approved management accounts for the years ended 31 December 2020 and 31 December 2019. The associate has no contingencies or capital commitments as at 31 December 2020 and 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

13 NON-TRADING INVESTMENTS

	2020	2019
	BD	BD
Quoted equity investments at FVOCI:		
- in Bahrain	7,390,369	7,729,233
- other GCC countries	549,953	530,733
	7,940,322	8,259,966
Unquoted equity investments at FVOCI:		
- in Bahrain	4,418,455	3,579,587
- other GCC countries	175,777	135,870
	4,594,232	3,715,457
Total equity investments at FVOCI	12,534,554	11,975,423
Quoted debt instruments at FVOCI:		
- in Bahrain	486,347	300,000
	13,020,901	12,275,423

Movements in non-trading investments during the year, were as follows:

	2020	2019
	BD	BD
At 1 January	12,275,423	10,960,631
Purchases during the year	498,286	404,421
Net changes in fair values	392,382	1,319,244
Disposals during the year	(145,190)	(408,873)
At 31 December	13,020,901	12,275,423

Quoted equity investments

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

Unquoted equity investments

The fair values of unquoted 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.

Quoted debt instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

14 FAIR VALUE HIERARCHY

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

	<i>Fair value measurement using</i>			<i>Total BD</i>
	<i>Quoted prices in active markets Level 1</i>	<i>Significant observable inputs Level 2</i>	<i>Significant unobservable inputs Level 3</i>	
	<i>BD</i>	<i>BD</i>	<i>BD</i>	
	<i>BD</i>	<i>BD</i>	<i>BD</i>	
31 December 2020				
Assets measured at fair value				
<i>Non-trading investments:</i>				
Quoted equity	7,940,322	-	-	7,940,322
Unquoted equity	-	-	4,594,232	4,594,232
Quoted debt	486,347	-	-	486,347
	8,426,669	-	4,594,232	13,020,901

	<i>Fair value measurement using</i>			<i>Total BD</i>
	<i>in active markets Level 1</i>	<i>observable inputs Level 2</i>	<i>unobservable inputs Level 3</i>	
	<i>BD</i>	<i>BD</i>	<i>BD</i>	
	<i>BD</i>	<i>BD</i>	<i>BD</i>	
31 December 2019				
Assets measured at fair value				
<i>Non-trading investments :</i>				
Quoted equity	8,259,966	-	-	8,259,966
Unquoted equity	-	-	3,715,457	3,715,457
Quoted debt	300,000	-	-	300,000
	8,559,966	-	3,715,457	12,275,423

Liabilities measured at fair value:

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

During the years ended 31 December 2020 and 31 December 2019, 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 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.

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:

	2020 BD	2019 BD
At 1 January	3,715,457	3,886,101
Net changes in fair value	878,775	(170,644)
At 31 December	4,594,232	3,715,457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

15 INVENTORIES

	2020	2019
	BD	BD
Goods for sale	2,538,565	3,081,468
Raw materials and consumables [net of provision for slow moving and obsolete inventories of BD 280,047 (2019: BD 262,461)]	2,472,508	2,274,955
Goods-in-transit	1,785,213	1,933,786
Finished goods [net of provision for slow moving and obsolete inventories of BD 44,584 (2019: BD 27,138)]	782,652	902,677
Spare parts and other items [net of provision for slow moving and obsolete inventories of BD 415,796 (2019: BD 475,952)]	288,529	185,780
Right of return assets	35,673	36,157
	7,903,140	8,414,823

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

	2020			
	<i>Raw materials and consumables BD</i>	<i>Finished goods BD</i>	<i>Spare parts and other items BD</i>	<i>Total BD</i>
At 1 January 2020	262,461	27,138	475,952	765,551
Charge for the year	17,586	17,446	-	35,032
Written off during the year	-	-	(60,156)	(60,156)
At 31 December 2020	280,047	44,584	415,796	740,427

	2019			
	<i>Raw materials and consumables BD</i>	<i>Finished goods BD</i>	<i>Spare parts and other items BD</i>	<i>Total BD</i>
At 1 January 2019	247,686	15,712	456,518	719,916
Net charge for the year	14,775	11,426	19,434	45,635
At 31 December 2019	262,461	27,138	475,952	765,551

16 TRADE AND OTHER RECEIVABLES

	2020	2019
	BD	BD
Trade receivables [net of allowance for expected credit losses of BD 918,738 (2019: BD 730,861)]	7,321,104	7,822,430
Trade receivables - related parties (note 27)	149,902	179,388
	7,471,006	8,001,818
Other receivables	210,706	408,989
Prepayments	109,051	202,793
Deposits	24,562	15,312
VAT receivable	33,589	-
	7,848,914	8,628,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

16 TRADE AND OTHER RECEIVABLES (continued)

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, refer to note 27.
- Other receivables are non-interest-bearing and have terms ranging between one and three months.
- Deposits are non-interest-bearing and have terms ranging between one and three months.

Movements in the expected credit losses of trade receivables were as follows:

	2020	2019
	BD	BD
At 1 January	730,861	665,592
Charge for the year	187,877	65,269
At 31 December	918,738	730,861

The ageing analysis of trade receivables and allowance for expected credit losses as at 31 December, are as follows:

	<i>Total</i>	<i>Current</i>	<i>Past due</i>		
			<i>Less than</i>	<i>30 to 60</i>	<i>More than</i>
	<i>BD</i>	<i>BD</i>	<i>30 days</i>	<i>days</i>	<i>60 days</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
2020					
Gross trade receivables	8,389,744	4,432,708	2,308,133	319,276	1,329,627
Expected credit losses	(918,738)	(14,937)	(37,375)	(3,860)	(862,566)
Net trade receivables	7,471,006	4,417,771	2,270,758	315,416	467,061
	<i>Total</i>	<i>Current</i>	<i>Past due</i>		
	<i>BD</i>	<i>BD</i>	<i>Less than</i>	<i>30 to 60</i>	<i>More than</i>
	<i>BD</i>	<i>BD</i>	<i>30 days</i>	<i>days</i>	<i>60 days</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
2019					
Gross trade receivables	8,732,679	4,619,953	2,398,947	331,838	1,381,941
Expected credit losses	(730,861)	(11,987)	(29,993)	(3,098)	(685,783)
Net trade receivables	8,001,818	4,607,966	2,368,954	328,740	696,158

The Group does not obtain collateral over trade receivables.

17 CASH AND CASH EQUIVALENTS

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

	2020	2019
	BD	BD
Bank balances and cash	3,625,772	2,327,365
Bank overdrafts	(653,532)	(1,010,086)
Cash and cash equivalents	2,972,240	1,317,279

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

The Group has BD 14,516,409 (2019: BD 13,633,171) of undrawn borrowing facilities as at 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

18 SHARE CAPITAL AND RESERVES

a) SHARE CAPITAL

	2020	2019
	BD	BD
Authorised:		
100,000,000 (2019: 100,000,000) shares of BD 0.100 each	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
80,675,052 (2019: 80,675,052) shares of BD 0.100 each	8,067,505	8,067,505

b) TREASURY SHARES

Treasury shares represent 6,250,651 (2019: 6,250,651) shares amounting to BD 1,644,095 (2019: BD 1,644,095), representing 7.75% (2019: 7.75%) of the issued share capital, held by the Company. During the year ended 31 December 2019, the Company repurchased 2,510,534 additional shares for cash consideration of BD 777,999.

c) SHARE PREMIUM

The share premium has arisen 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.

d) 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. During the year, the Company transferred BD 110,453 (2019: BD 136,758) to statutory reserve. The shareholders resolve to discontinue further transfer of profit to statutory reserve as the reserve equaled to 50% of the paid-up capital of the Company

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

e) GENERAL RESERVE

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. During the year, the Company transferred BD 50,000 (2019: BD 50,000) to the general reserve.

f) FAIR VALUE RESERVE

This reserve relates to fair value changes of non-trading investments and changes in fair value of associate's non-trading investments.

g) FOREIGN CURRENCY RESERVE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

18 SHARE CAPITAL AND RESERVES (continued)

h) RETAINED EARNINGS - NON-DISTRIBUTABLE

This represents the Group's share in the statutory reserves of its subsidiaries and is not available for distribution. During the year, the Group transferred BD 69,504 (2019: BD 73,758) relating to its share of statutory reserve transferred by one of its subsidiaries.

19 DIVIDENDS PAID AND PROPOSED

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 (2019: 18 fils per share, excluding treasury shares, totaling BD 1,367,729 relating to 2018).

A cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,116,366 (2019: a cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,116,366) has been proposed by Board of Directors and will be submitted for formal approval of shareholders at the Annual General Meeting.

20 LEASE LIABILITIES

Lease liabilities relate to the Group's leases for land, buildings and motor vehicles. The movements in the lease liabilities during the year, were as follows:

	2020	2019
	BD	BD
At 1 January	2,311,425	2,603,650
Remeasurement of lease liabilities	29,902	-
New lease executed	356,908	116,895
Termination of leases	(77,155)	-
Lease rentals concession related to COVID-19	(4,212)	-
Interest expense for the year	126,412	154,802
Payments during the year	(516,310)	(563,922)
At 31 December	<u>2,226,970</u>	<u>2,311,425</u>
Non-current	1,732,148	1,803,064
Current	494,822	508,361
	<u>2,226,970</u>	<u>2,311,425</u>

21 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits are as follows:

	2020	2019
	BD	BD
At 1 January	1,398,629	1,332,663
Provided during the year (note 7)	208,583	209,018
Paid during the year	(90,054)	(143,052)
At 31 December	<u>1,517,158</u>	<u>1,398,629</u>

22 GOVERNMENT GRANT

Government grant represents amount received from The Labour Fund (Tamkeen) for purchase of plant and equipment. The amount is amortised over 15 years which is equivalent to the estimated useful life of the plant and equipment. Movement in Government grant during the year, is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

22 GOVERNMENT GRANT (continued)

	2020 BD
Received during the year	55,000
Recognised in the consolidated statement of profit or loss	(3,667)
At 31 December 2020	51,333
Non-current	47,666
Current	3,667
	51,333

23 TERM LOANS

	<i>Interest rate</i>	<i>Maturity</i>	2020 BD	<i>2019</i> <i>BD</i>
a) Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	March 2025	952,289	855,411
b) Loan from Ahli United Bank B.S.C.	Three-month BIBOR plus 3% p.a.	March 2024	39,857	44,700
			992,146	900,111

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

	2020 BD	<i>2019</i> <i>BD</i>
Non-current	796,770	747,292
Current	195,376	152,819
	992,146	900,111

Loan instalments payable within twelve months from the reporting date are disclosed as current portion and remaining are disclosed as non-current. These loans are 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. The Group is in compliance with all applicable covenants as of 31 December 2020 and 31 December 2019.

24 TRADE AND OTHER PAYABLES

	2020 BD	<i>2019</i> <i>BD</i>
Trade payables	2,769,839	3,687,553
Accrued expenses	1,595,865	1,500,160
Unclaimed dividends payable	73,475	478,431
Other payables	320,357	307,406
Due to related parties (note 27)	219,259	353,687
Vat payable, net	-	66,375
	4,978,795	6,393,612

At 31 December 2020

24 TRADE AND OTHER PAYABLES (continued)

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 27.
- Other payables are non-interest bearing and have average terms ranging between one to six months.
- VAT is payable in the following month for certain entities and within one month after each quarter for certain entities within the Group.

25 IMPORT LOANS

These represent loans obtained from commercial banks for the import of raw materials and finished goods with average interest rate 3.75% (2019: 3.45%) per annum and secured by promissory notes issued by the Group.

26 MATERIAL PARTLY-OWNED SUBSIDIARY

The Group holds 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 before intercompany eliminations of the subsidiary as at 31 December 2020 and 31 December 2019 is provided below.

	2020	2019
	BD	BD
Summarised statement of comprehensive income:		
Revenue	14,701,508	14,138,395
Other operating income	73,201	76,236
Costs of revenue	(10,532,542)	(9,989,287)
Selling and distribution expenses	(668,253)	(649,083)
Personnel costs	(1,579,691)	(1,488,828)
Other income	119,816	-
Government assistance	309,966	-
General and administration expenses	(258,600)	(100,305)
Depreciation on property, plant and equipment	(159,312)	(169,338)
Depreciation on right-of-use of assets	(240,605)	(255,746)
Finance costs on lease liabilities	(53,738)	(76,066)
Exchange gains - net	32,579	4,228
Profit for the year	1,744,329	1,490,206
Other comprehensive income	14,118	61,018
Total comprehensive income for the year	1,758,447	1,551,224
Attributable to non-controlling interests	861,639	760,100
Dividends paid to non-controlling interest	274,400	245,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

26 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2020	2019
	BD	BD
Summarised statement of financial position:		
Inventories and cash and bank balances (current)	6,864,124	5,700,196
Right-of-use assets (non-current)	875,622	767,328
Property, plant and equipment and other (non-current)	1,889,184	1,897,433
Non-trading investments (non-current)	739,413	437,310
Trade and other receivables (current)	2,274,449	3,164,618
Trade and other payable (current)	(2,375,116)	(3,123,541)
Government grant (current)	(3,667)	-
Government grant (non-current)	(47,666)	-
Lease liabilities (current)	(293,282)	(276,154)
Lease liabilities (non-current)	(630,459)	(527,935)
Employees' end of service benefits (non-current)	(703,691)	(648,791)
Equity	8,588,911	7,390,464
Attributable to:		
Equity holders of parent	4,380,345	3,769,137
Non-controlling interests	4,208,566	3,621,327
	8,588,911	7,390,464
	2020	2019
	BD	BD
Summarised statement of cash flows information:		
Net cash flows from operating activities	2,423,617	2,121,892
Net cash flows used in investing activities	(676,131)	(728,020)
Net cash flows used in financing activities	(2,658,230)	(1,336,448)
Foreign currency translation adjustments	14,118	61,018
Net (decrease) increase in cash and cash equivalents	(896,626)	118,442

27 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 profit or loss and other comprehensive income are as follows:

Name	Relationship	Nature of transactions
Bahrain Livestock Company B.S.C. (c)	Associated company	Services rendered.
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.
Intersheld 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.

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At 31 December 2020

27 RELATED PARTY TRANSACTIONS (continued)

Name	Relationship	Nature of transactions
Ebrahim K Kanoo B.S.C. (c)	Common director	Purchase of spare parts and services received.
Mohamed Ali Zainal Abdulla B.S.C. (c)	Common director	Purchases and sales of goods.
Fakhro Electronics W.L.L.	Common director	Sales of goods.
National Transport Establishment	Common director	Services received.
Budget - Rent a car	Common director	Services received.
Bahrain Cinema Company B.S.C.	Common director	Sales of goods.
Khalid Almoayed and Sons W.L.L.	Common director	Purchases of goods.
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 of goods and dividend received.
Abdulla Yousif Fakhro and Sons	Common director	Sales of goods and services received.
Alosra W.L.L.	Common director	Sales of goods and services received.

	Revenue BD	Purchase of goods and services BD	Other operating income BD	Trade receivables BD	Due to related parties BD
31 December 2020					
Associated companies	24,581	21,778	13,180	6,466	2,651
Entities with common directors	471,687	793,601	302,377	143,436	216,608
	496,268	815,379	315,557	149,902	219,259
	Revenue BD	Purchase of goods and services BD	Other operating income BD	Trade receivables BD	Due to related parties BD
31 December 2019					
Associated companies	47,587	7,867	-	30,473	2,991
Entities with common directors	494,583	915,802	356,464	148,915	350,696
	542,170	923,669	356,464	179,388	353,687

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 2020 and 31 December 2019, the Group has not recorded any allowance for expected credit losses on amounts owed by related parties.

27 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

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

	2020	2019
	BD	BD
Directors' remuneration	92,250	85,075
Directors' fees	55,350	59,400
	147,600	144,475
Short-term benefits	268,911	266,473
Employees' end of service benefits	11,007	18,789
	279,918	285,262
	427,518	429,737

28 COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

Estimated capital expenditure contracted for at the reporting date but not provided for is amounting to BD 36,500 (2019: BD 135,482) and expected to be settled within one year.

(c) Guarantee:

Tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, amount to BD 841,735 (2019: BD 845,548) as at 31 December 2020.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group's financial liabilities mainly comprise term loans, import loans, lease liabilities, a 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 a portion of trade and other receivables and bank balances and cash that arise directly from its operations. The Group also holds non-trading 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 price risk comprises of interest rate risk, foreign currency risk and equity price risk. Financial instruments affected by market risk include non-trading investments, a portion of trade and other receivables, bank balances and cash, term loans, import loans, a portion of trade and other payables and bank overdrafts.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

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 2020 and 31 December 2019.

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

- The consolidated statement of financial position sensitivity relates to financial assets and financial liabilities as at 31 December 2020 and 31 December 2019;
- The sensitivity of the relevant consolidated statement of profit or loss 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 2020 and 31 December 2019; and
- The sensitivity of equity is calculated by considering the effect of non-trading investments and translation of foreign operations at 31 December 2020 and 31 December 2019 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 consolidate statement of profit or loss 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 rates bearing bank overdrafts and certain term loans, as follows:

	<i>2020</i>		<i>2019</i>	
Increase (decrease) in basis points	+50	-50	+50	-50
(Decrease) increase in profit [in BD]	(3,467)	3,467	(5,274)	5,274

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).

The Group's exposure to foreign currency risk primarily arising from trade payables denominated in Swiss Francs, Pound Sterling is not material.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's consolidated profit or loss (due to changes in the fair value of monetary assets and liabilities) and the Group's other comprehensive income (due to changes in the net investment in a foreign operations). 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 foreign currency risk.

	<i>Change in exchange rate</i>	<i>Effect on profit</i>		<i>Effect on other comprehensive income</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>rate</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
EURO	+5%	959	583	-	-
Other currencies	+5%	1,784	1,078	-	-
Kuwaiti Dinar	+5%	-	-	36,920	40,367

A similar decrease in foreign exchange rates would have an equal and opposite impact on the Group's profit and equity as disclosed above.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

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 equity price risk through diversification and placing limits 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.

Management's best estimate of the effect on other comprehensive income for the year due to a 5% change in fair value of non-trading investments, with all other variables held constant, would be BD 651,045 (2019: BD 613,771).

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

Customer credit risk is managed by each entity as per Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year.

Bank balances

The Group limits credit risk on bank balances by dealing only with reputable banks.

Debt instruments

The Group limits credit risk on investment in debt instruments by investing only in sovereign debt instruments.

Credit risk concentration

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 18% (2019: 23%) of the outstanding trade receivables at 31 December 2020.

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At 31 December 2020

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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.

	2020	2019
	BD	BD
Trade receivables	7,471,006	8,001,818
Bank balances	3,625,772	2,327,365
Other receivables	210,706	408,989
Quoted debt instruments	486,347	300,000
Deposits	24,562	15,312
	11,818,393	11,053,484

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.

	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
2020						
Import loans	-	3,781,428	-	-	-	3,781,428
Trade and other payables	-	3,382,930	-	-	-	3,382,930
Lease liabilities	-	33,706	86,116	1,059,678	1,156,782	2,336,282
Term loans	-	59,467	81,685	1,107,435	-	1,248,587
Bank overdrafts	653,532	-	-	-	-	653,532
Retentions payable	-	-	43,904	-	-	43,904
	653,532	7,257,531	211,705	2,167,113	1,156,782	11,446,663
	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
2019						
Trade and other payables	-	4,452,505	440,947	-	-	4,893,452
Import loans	-	3,225,323	-	-	-	3,225,323
Lease liabilities	-	31,764	78,479	1,026,067	1,302,963	2,439,273
Term loans	-	57,857	94,962	930,385	41,935	1,125,139
Bank overdrafts	1,010,086	-	-	-	-	1,010,086
Retentions payable	-	-	-	-	80,294	80,294
	1,010,086	7,767,449	614,388	1,956,452	1,425,192	12,773,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financing activities of the consolidated statement of cash flows

	<i>As at</i>	<i>Cash flows</i>			<i>As at</i>
	<i>1 January</i>	<i>Availed</i>	<i>Payments</i>	<i>Others</i>	<i>31 December</i>
	<i>2020</i>	<i>Availed</i>	<i>Payments</i>	<i>Others</i>	<i>2020</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Unclaimed dividend payable	478,431	-	(1,521,322)	1,116,366	73,475
Term loans	900,111	200,000	(107,965)	-	992,146
Import loans	3,198,139	551,418	-	-	3,749,557
Retentions payable	80,294	-	(36,390)	-	43,904
Lease liabilities	2,311,425	-	(389,898)	305,443	2,226,970
	6,968,400	751,418	(2,055,575)	1,421,809	7,086,052

	<i>As at</i>	<i>Cash flows</i>			<i>As at</i>
	<i>1 January</i>	<i>Availed</i>	<i>Payments</i>	<i>Others</i>	<i>31 December</i>
	<i>2019</i>	<i>Availed</i>	<i>Payments</i>	<i>Others</i>	<i>2019</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Unclaimed dividend payable	440,616	-	(1,329,914)	1,367,729	478,431
Term loans	474,921	500,000	(74,810)	-	900,111
Import loans	2,299,147	898,992	-	-	3,198,139
Retentions payable	9,005	-	71,289	-	80,294
Lease liabilities	2,603,650	-	(409,120)	116,895	2,311,425
	5,827,339	1,398,992	(1,742,555)	1,484,624	6,968,400

Capital management

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

The Group 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 paid 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 2020 and 31 December 2019.

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, lease liabilities, contract asset and refund liabilities, 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, fair value reserve, foreign currency reserve, retained earnings - non-distributable, retained earnings-distributable and proposed appropriations).

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At 31 December 2020

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management (continued)**

	2020	2019
	BD	BD
Trade and other payables	4,978,795	6,393,612
Import loans	3,749,557	3,198,139
Lease liabilities	2,226,970	2,311,425
Bank overdrafts	653,532	1,010,086
Term loans	992,146	900,111
Contract and refund liabilities	494,822	508,361
Retentions payable	43,904	80,294
Cash and cash equivalents	(3,625,772)	(2,327,365)
Net debt	9,513,954	12,074,663
Total equity attributable to the shareholders of Trafco	26,865,691	26,144,917
Debt-to-equity ratio	35%	46%

30 FAIR VALUE MEASUREMENTS

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

Fair value of financial instruments

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

Financial assets consist of non-trading investments, trade and other receivables and cash and bank balances. Financial liabilities consist of term loans, import loans, lease liabilities, retentions payable, trade and other payables and bank overdrafts. Fair value of financial instruments is 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 31 December 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. The carrying amounts are not materially different from their fair values as at 31 December 2020 and 31 December 2019; 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.

Fair value of non-financial assets or liabilities

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

Fair value hierarchy

For fair value hierarchy of the Group's assets and liabilities measured at fair value refer to note 14.

Financial assets and liabilities that are not measured at fair values are classified within level 2 of fair value hierarchy except for term loans, import loans and lease liabilities which are classified within level 3 of fair value hierarchy.

31 RECLASSIFICATION OF COMPARATIVE FIGURES

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

32 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 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.

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 approved by Group's management.

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, right of return, 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.

Segment liabilities include all operating liabilities used by a segment and consist primarily of employees' end of service benefits, loans from non-controlling interests, term loans, import loans, bank overdrafts, contract and refund liabilities and trade and other payables. 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 are allocated to the segments on a reasonable basis.

Revenue from operations for the year ended 31 December 2020 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 4,284,290 (2019: BD 3,516,378) and loss for the year ended 31 December 2020 amounted to BD 247,233 (2019: BD 314,882). 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 and Kingdom of Saudi Arabia amounted to BD 1,577,895 (2019: BD 1,675,031) and total liabilities amounted to BD 1,444,454 (2019: BD 1,541,588). 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 "Adjustments and eliminations" column.

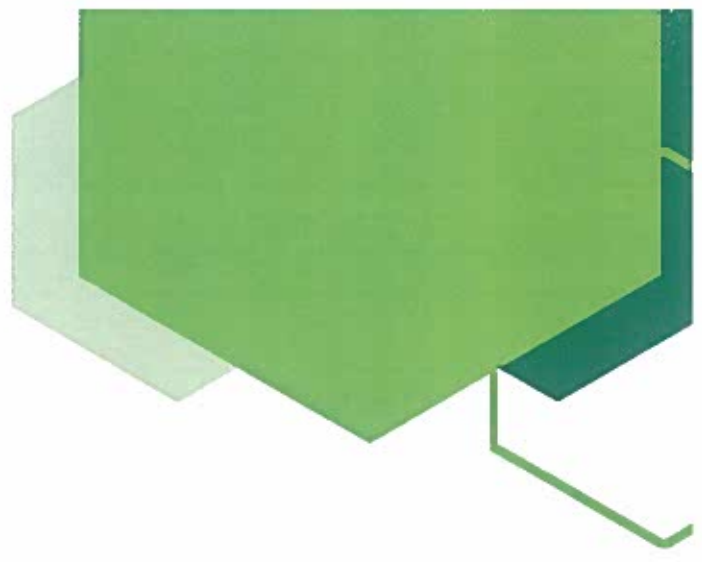
Trafco Group B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2020

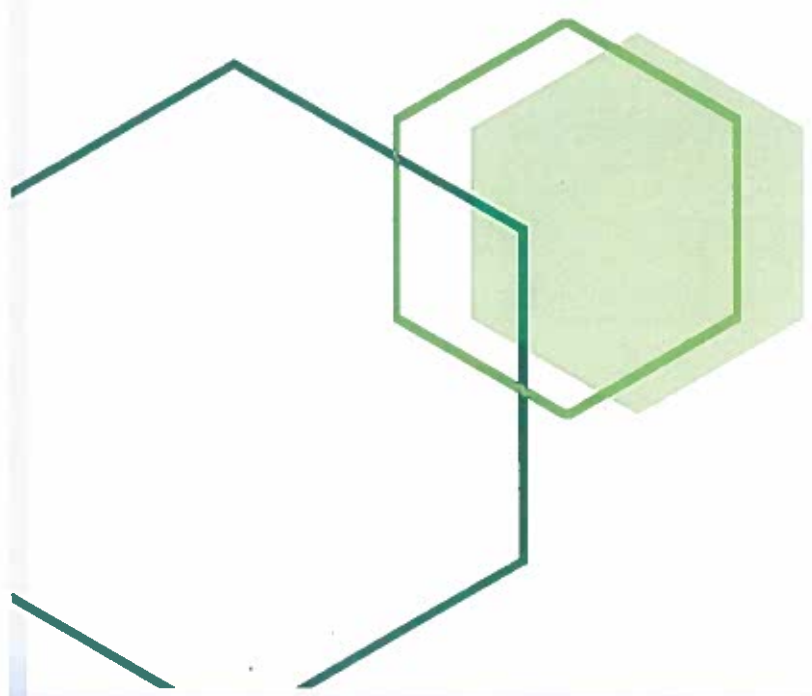
32 SEGMENT REPORTING (continued)

	<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>	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<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	16,539,704	16,825,083	1,345,699	1,896,072	-	-	16,233,496	15,920,242	2,117,914	2,342,848	635,546	721,169	-	-	36,872,359	37,705,414
Revenue - inter segments	879,824	962,422	67,110	1,178	-	-	68,433	23,068	32,722	5,205	171,838	124,216	(1,219,927)	(1,116,089)	-	-
Total revenue	17,419,528	17,787,505	1,412,809	1,897,250	-	-	16,301,929	15,943,310	2,150,636	2,348,053	807,384	845,385	(1,219,927)	(1,116,089)	36,872,359	37,705,414
Costs of revenue (excluding depreciation)	(14,963,024)	(15,321,782)	(1,283,061)	(1,686,173)	-	-	(11,259,067)	(10,813,376)	(1,777,563)	(1,921,943)	(208,525)	(216,312)	1,076,563	1,008,754	(28,414,677)	(28,950,832)
Gross profit (excluding impact of depreciation)	2,456,504	2,465,723	129,748	211,077	-	-	5,042,862	5,129,934	373,073	426,110	598,859	629,073	(143,364)	(107,335)	8,457,682	8,754,582
Other operating income	208,838	236,328	13,105	41,384	-	-	126,905	57,770	44,494	34,015	27,237	30,027	(210,461)	(280,963)	210,118	118,561
Other expenses (excluding depreciation)	(2,363,827)	(2,371,463)	(166,299)	(205,032)	-	-	(2,970,601)	(2,741,240)	(339,417)	(365,649)	(82,010)	(75,858)	124,169	163,395	(5,797,985)	(5,595,847)
Depreciation on property, plant and equipment	(105,146)	(97,169)	(22,233)	(22,635)	-	-	(537,284)	(486,499)	(51,002)	(50,639)	(303,923)	(300,204)	(16,512)	(16,511)	(1,036,100)	(973,657)
Depreciation on right-of-use of assets	(110,580)	(110,580)	(72,939)	(58,890)	-	-	(275,117)	(330,976)	(19,283)	(17,800)	(38,236)	(38,236)	76,937	76,944	(439,218)	(479,538)
Profit from operations	85,789	122,839	(118,618)	(34,096)	-	-	1,386,765	1,628,989	7,865	26,037	201,927	244,802	(169,231)	(164,470)	1,394,497	1,824,101
Investment income (including share of results of an associate)	-	-	8,252	1,643	1,391,480	1,458,649	87,231	21,563	-	-	-	-	(917,434)	(856,919)	569,529	624,936
Government assistance	156,361	-	7,611	-	-	-	354,284	-	27,702	-	17,253	-	-	-	563,211	-
Finance costs on loans and borrowings	(107,625)	(145,418)	(4,661)	(7,561)	-	-	(2,480)	(6,834)	(31,396)	(56,116)	(86,225)	(101,413)	99,930	116,663	(132,457)	(200,679)
Finance costs on lease liabilities	(63,268)	(68,757)	(6,422)	(7,561)	-	-	(72,244)	(98,442)	(9,325)	(9,262)	(26,573)	(27,962)	51,420	57,182	(126,412)	(154,802)
Exchange gains - net	-	-	-	-	-	-	32,579	4,228	-	-	-	-	-	-	32,579	4,228
Profit (loss) for the year	71,257	(91,336)	(113,838)	(47,575)	1,391,480	1,458,649	1,786,135	1,549,504	(5,154)	(39,341)	106,382	115,427	(935,315)	(847,544)	2,300,947	2,097,784
Capital expenditure	136,465	851,893	2,814	38,540	-	-	473,822	842,446	2,059	14,351	35,013	73,019	-	-	650,173	1,820,249
Assets	14,043,924	14,845,921	476,743	1,015,667	21,081,047	20,338,707	14,569,763	13,882,331	1,729,654	1,977,026	3,709,833	4,026,880	(10,140,169)	(10,709,126)	45,470,795	45,377,406
Liabilities	8,555,290	8,861,699	270,427	717,097	-	-	5,051,973	5,632,488	1,138,790	1,553,218	2,138,605	2,562,033	(2,758,547)	(3,715,373)	14,396,538	15,611,162



**ANNUAL CORPORATE GOVERNANCE
DISCLOSURE (2020)**

TRAFICO GROUP B.S.C.



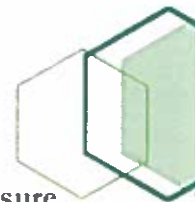


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1. CORPORATE GOVERNANCE POLICY

Good Corporate Governance practices are significant in creating and sustaining shareholder value and ensuring appropriate disclosures and transparency. Trafco Group B.S.C.'s ('the Company') Corporate Governance Policy provides the framework for the principles of effective Corporate Governance standards across the Group.

The Board of Directors (the Board) is committed to implementing robust Corporate Governance practices and continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

Trafco Group B.S.C. shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees and at public at large.

The management is committed to ensuring that procedures and processes are in place to reflect and support the Board approved Corporate Governance related policies to ensure the highest standards of Corporate Governance throughout the Group.

2. CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

During the year, Mr. Sameer A. Alkhan as Corporate Governance Officer continues as per the requirement of Corporate Governance Code 2018 issued by Ministry of Industry, Commerce & Tourism (MOICT). The Company's Corporate Governance Code 2018 is being reviewed and updated accordingly as and when required.

3. SHAREHOLDER INFORMATION

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. As on 31 December 2020, the Company had issued 80,675,052 ordinary shares, each with a nominal value of 100 fils per share. All the shares are fully paid.

Shareholders are invited by the Chairman to attend the AGM. The Chairman and other Directors attend the AGM and are available to answer any questions.

The Annual General Ordinary and Extraordinary Meetings will be held on 29 March 2021.



Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December, 2020 is as follows:

Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
Abdulhameed Zainal Mohamed Zainal	8,433,646	10.45%	Abdulhameed Zainal Mohamed Zainal

Shareholders as of 31 December 2020 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			Total
		Individuals	Corporate	Government or Organizations	
1	Local	57.34	39.84	0.65	97.83
2	Arab	2.14	-	-	2.14
3	Foreign	0.03	-	-	0.03
	Total	59.51	39.84	0.65	100.00

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2020 as follows:

S.No.	Shareholding (share)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2756	10,548,534	13.08%
2	50,000 to 500,000	177	23,597,441	29.25%
3	500,000 to 5,000,000	23	31,844,778	39.47%
4	More than 5,000,000	2	14,684,297	18.20%

Description of the significant events that occurred during the year 2020 as follows:

During the year there is no significant financial impact, however a separate disclosure on Covid-19 published in Bahrain Bourse and Trafco website.



4. COMPANY'S BOARD, DIRECTORS AND MANAGEMENT

4.1. Board Procedure

The Board procedure is clearly defined by the Charter of the Board. The Company has the practice of circulation of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda to constantly enhance the performance of the Group.

4.2. Board and Directors' Responsibilities

The specific responsibilities of the Board include:

1. Monitoring the overall business performance;
2. Monitoring the performance of the executive management to ensure that the executives are compensated fairly;
3. Monitoring management performance and succession plan for Senior Management;
4. Accurate preparation of the quarterly and annual consolidated financial statements and ensure that financial statements are free from errors and frauds;
5. Monitoring conflicts of interest and preventing abusive related party transactions;
6. Convening and preparing for the shareholders meetings;
7. Recommending dividends to shareholders and ensure its execution;
8. Adapting, implementing and monitoring compliance with the Company's Code of Business Conduct;
9. Disclosure of financial information to the Government Authorities and the public within the stipulated time;
10. Reviewing the Group's objectives and policies relating to social responsibilities; and
11. Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations ordained by the Government of Bahrain.

4.3. Material Transactions that require the Board approval

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

1. The Company strategy;
2. The annual budget, capital expenditure budget, major contracts, diversification plans/divestment;

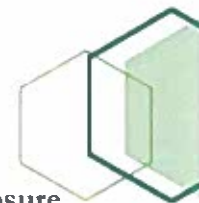


3. The financial statements;
4. Major resource allocations and capital investments; and
5. Management responsibilities and training, development and succession plan for Senior Management.

4.4. Director's profiles (Directorships of other Boards)

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

S.No.	Name of Director	Designation	Directorships and positions in other listed companies	Positions in any other key regulatory, government or commercial entities.
1.	Mr. Ebrahim Mohamed Ali Zainal	Vice Chairman	United Paper Industries B.S.C.	None
2.	Mr. Yusuf Saleh Abdulla Alsaleh	Director	Delmon Poultry Company B.S.C.	None
3.	Dr. Esam Abdulla Yousif Fakhro	Vice Chairman Chairman Chairman	National Bank of Bahrain B.S.C. Bahrain Cinema Company (Cineco) B.S.C. Bahrain Islamic Bank B.S.C.	None
4.	Mr. A. Redha Mohamed Redha Aldailami	Director	Delmon Poultry Company B.S.C.	None
5.	Mr. Sami Mohammed Yusuf Jalal	Director	United Paper Industries B.S.C.	None
6.	Mr. Jehad Yusuf Abdulla Amin	Director Director Vice Chairman Director Director	Bahrain Duty Free Complex B.S.C. Bahrain National Holdings B.S.C. Banader Hotels Company B.S.C. BMMI B.S.C. Bahrain Cinema Company B.S.C.	None



4.5. Status of Directorships and Board Composition

SI no	Name of Director	Type (executive, non-executive or independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment
1	Mr. Ebrahim Mohamed Ali Zainal	Chairman / Non - Executive / Non - Independent	56	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non - Executive / Non - Independent	57	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non - Executive / Non - Independent	53	Businessman	1995
4	Mr. Khalid A. Rahman Khalil Almoayed	Director and Executive Committee member / Non - Executive / Independent	54	Businessman	1978
5	Mr. A. Redha Mohamed Redha Aldailami	Director / Non - Executive / Independent	64	Businessman	1981
6	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non - Executive / Non - Independent	58	Businessman	1994
7	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non - Executive / Non - Independent	55	Businessman	1994
8	Mr. Sami Mohammed Yusuf Jalal	Director / Non - Executive / Non - Independent	47	Businessman	1995
9	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non - Executive / Independent	51	Businessman	1995
10	Mr. Jihad Yusuf Abdulla Amin	Director / Non - Executive / Non - Independent	42	Businessman	1998



4.6. Election and Termination of Appointment of Directors

Directors are elected for 3-year term. Elections take place in accordance with the Memorandum and Articles of Association of the Company and the Bahrain Commercial Companies Law. There is no maximum age limit at which a Director must retire from the Board. Each Director's term of appointment expires, pursuant to the terms of his Letter of Appointment and/or the provisions of the law.

4.7. Induction and Training of Directors

The Company has a formal induction programme in place, which is designed for each new Director. The induction programme includes i) an introductory pack containing, amongst other things, the Company Overview, Organisational Chart, Terms of Reference of the Board and Board Committees and key policies; ii) presentations on significant financial, strategic and risk issues; and iii) orientation meetings with key management as may be required. All continuing Directors are invited to attend orientation meetings.

4.8. Directors Ownership of Company's shares

Sl no	Name	Type of Shares	Number of shares held as at 31/12/2020	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,089,728	2.59%
2	Mr. Yusuf Saleh Abdulla Alsaleh	Ordinary Shares	702,238	0.87%
3	Mr. Khalid A. Rahman Khalil Almoayed	Ordinary Shares	457,089	0.57%
4	Dr. Esam Abdulla Yousif Fakhro	Ordinary Shares	1,583,161	1.96%
5	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	311,115	0.39%
6	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.25%
7	Mr. Jehad Yusuf Abdulla Amin	Ordinary Shares	1,060,000	1.31%
8	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	320,184	0.40%
9	Mr. Ali Yusuf A. Rahman A. Rahim	Ordinary Shares	149,660	0.19%
10	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.22%



4.9. Director's Trading of Shares during the year

During the year, the following Board Member disposed / purchased additional shares in the Company:

Name	Position/kinship	Number of shares held as at 31/12/2019	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2020
Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman	681,426	-	20,812	702,238
Mr Fuad Ebrahim Khalil Kanoo (Family Transfer)	Director	179,757	3,403	3,403	179,757

4.10. Board Meetings

The Group should hold a minimum of four Board meetings during each year. The following table summarizes the information about the members' attendance in the Board of Directors meetings:

Meetings of Board of Directors held in 2020: Six

Name of Director	Business Title	6 Jan	27 Feb	30 Mar	10 Aug	10 Nov	31 Dec	% Attended
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	✓	✓	✓	✓	✓	✓	100%
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	✓	✓	✓	✓	✓	✓	100%
Mr A.Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	Director	✓	✓	✓	✓	✓	✓	100%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	x	✓	✓	✓	✓	83%



4.11. Remuneration Policy of Board of Directors

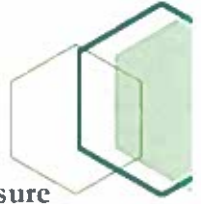
Article 188 of the Commercial Companies Law No.21 of 2001 explains the method of payment of remuneration to the directors. The remuneration policy is based on attendance fees and basic fees paid to the members of the Board of Directors.

Total remunerations paid to the directors for the year ended 31 December 2020 amounted to BD 92,250/- subject to AGM approval plus sitting fees BD 37,350 to all directors and BD 18,000 basic fees to Chairman.

The proposed total remunerations to be paid to the directors for the year 2020, will be presented at the annual general meeting for approval.

Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2020 is as follows:

S.No	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	Number of meetings
1.	Mr Ebrahim Mohamed Ali Zainal	Board meeting	2,700	6
		Executive Committee	900	2
		Nomination and Remuneration Committee	0	1
2.	Mr Yusuf Saleh Abdulla Alsaleh	Board meeting	2,700	6
		Executive Committee	900	2
		Nomination and Remuneration Committee	0	1
3.	Mr Khalid A.Rahman Khalil Almoayed	Board meeting	2,700	6
		Executive Committee	900	2
		Nomination and Remuneration Committee	0	1
4.	Dr Esam Abdulla Yousif Fakhro	Board meeting	2,700	6
		Executive Committee	900	2
		Nomination and Remuneration Committee	0	1
5.	Mr Ebrahim Salahuddin Ahmed Ebrahim	Board meeting	2,700	6
		Audit Committee	1,350	3
		Corporate Governance committee	450	1
6.	Mr Sami Mohamed Yusuf Jalal	Board meeting	2,700	6
7.	Mr Jehad Yusuf Abdulla Amin	Board meeting	2,700	6
		Audit Committee	1,350	3
		Corporate Governance committee	450	1



8.	Mr A. Redha Mohamed Redha Aldailami	Board meeting	2,700	6
		Audit Committee	1,350	3
		Corporate Governance committee	450	1
9.	Mr Ali Yusuf A.Rahman A. Rahim	Board meeting	2,700	6
		Audit Committee	1,350	3
		Corporate Governance committee	450	1
10.	Mr Fuad Ebrahim Khalil Kanoo	Board meeting	2,250	5

4.12. Management

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

S.No.	Name of members of senior management	Designation	Experience in years	Qualification
1.	Mr. S Sridhar	Group Chief Executive Officer	35	Fellow Member - Institute of Chartered Accountants of India
2.	Mr. Sameer Abdulla Alkhan	Assistant Group Chief Executive Officer	38	Diploma in Human Resources
3.	Mr. R. Balasubramanian	Group Financial Controller	33	Fellow Member - Institute of Chartered Accountants of India
4.	Mr. Azzam M A Moutragi	Sales Manager	35	Master's Degree in Business Administration
5.	Mr. Sequeira Francisco	Maintenance Manager	36	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
6.	Mrs. Layla Darwish	Human Resource Manager	30	Education Diploma in Secretarial Studies
7.	Mr. Wael Ahmed	Stores Manager	26	-

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

Name of members of senior management	Amount (BD)
Salaries	268,911
Employees' end of service benefits	11,007
Total	279,918

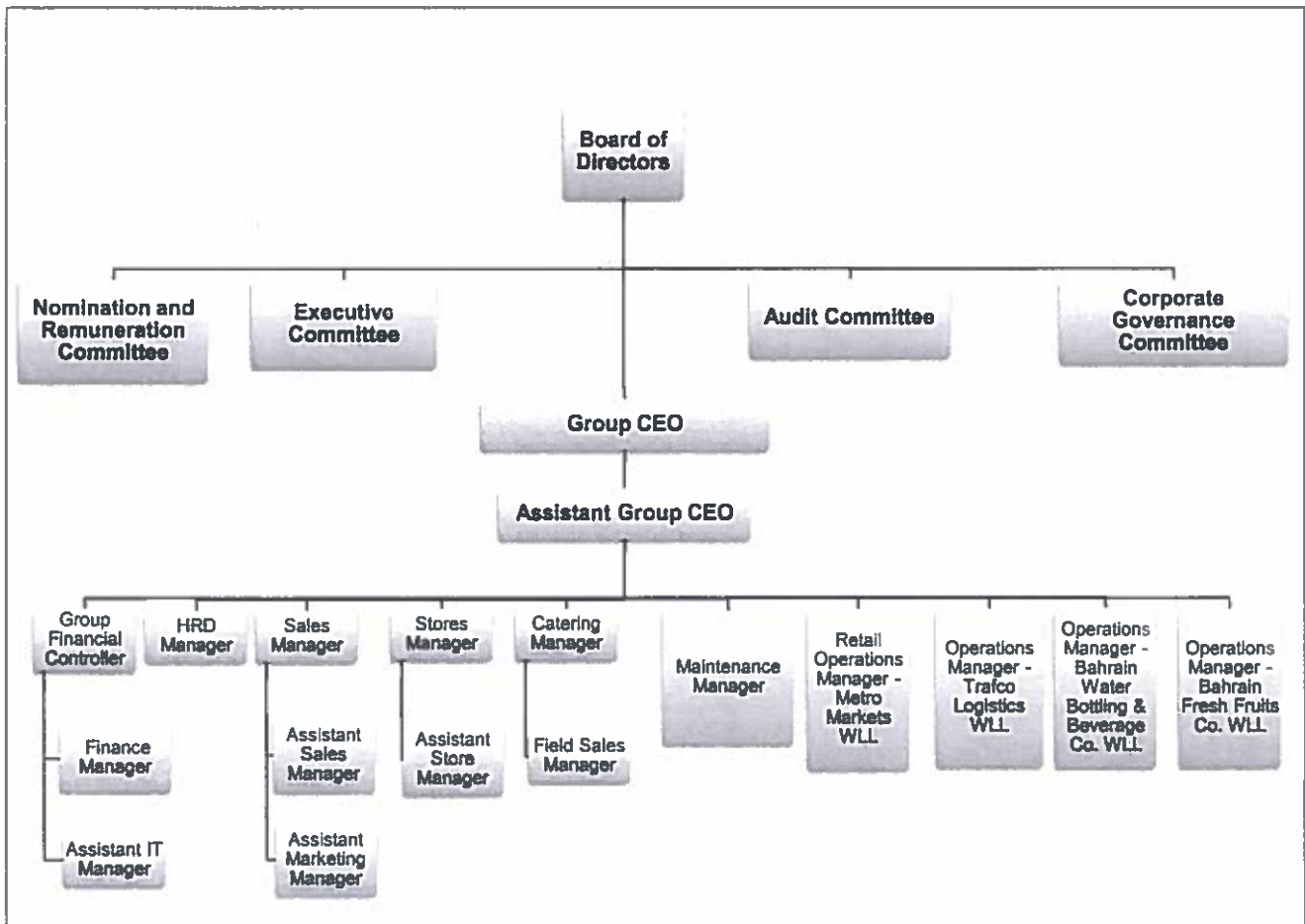


4.13. Code of Conduct/ Code of Ethics

The Company has the Code of Conduct/Code of Ethics policy describing the standards expected from each and every employee of the Group.

- Each and every employee should protect the assets of the Group.
- Group has to act on the customers’ complaints promptly and courteously.
- No employee should take bribe from any outside person on behalf of the Group.
- The Group will not disclose the information about the customers/business associates to any other person/entities.
- The employees are not supposed to disclose the information about the Group either during or after the service to any outside person/entities.

5. COMPANY ORGANIZATIONAL STRUCTURE





6. COMMITTEES

The Committees are constituted by the Board for the good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendation to the Board as and when deem necessary. Minutes of the Committee meetings are distributed to the members of the Board periodically. The Board constantly evaluates the composition of the committees in the light of requirements of Law and for the successful functioning of the Company.

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

Board's Committee	Objective	Members	Independent/ Non-independent
Audit Committee	<p>The Audit Committee is responsible for:</p> <p>1) 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.</p> <p>2) 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.</p>	<p>1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman)</p> <p>2. Mr Jehad Yusuf Abdulla Amin</p> <p>3. Mr A. Redha Mohamed Redha Aldailami</p> <p>4. Mr Ali Yusuf A. Rahman A. Rahim</p>	<p>Non-executive / Independent</p> <p>Non-executive / Non-Independent</p> <p>Non-executive / Independent</p> <p>Non-executive / Non-Independent</p>



Board's Committee	Objective	Members	Independent/ Non-independent
Executive (Investment & Finance) Committee	The Executive Committee is formed to discuss matters with the Company's management regarding senior staffing, financial performance, strategies, and all other issues as directed by the Board	1. Mr Ebrahim Mohamed Ali Zainal 2. Mr Yusuf Saleh Abdulla Alsaleh 3. Mr Khalid A.Rahman Khalil Almoayed 4. Dr Esam Abdulla Yousif Fakhro	Non - Executive / Non-Independent Non -Executive / Non-Independent Non-Executive / Independent Non - Executive / Non-Independent
Nomination and 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.	1. Mr Ebrahim Mohamed Ali Zainal (Chairman) 2. Mr Yusuf Saleh Abdulla Alsaleh 3. Dr Esam Abdulla Yousif Fakhro 4. Mr Khalid A.Rahman Khalil Almoayed	Non-executive / Non-Independent Non-executive / Non-Independent Non-executive / Non-Independent Non-executive / Independent
Corporate Governance committee	To review and ensure compliance with Corporate Governance Code framework and guidelines.	1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr Jehad Yusuf Abdulla Amin 3. Mr A. Redha Mohamed Redha Aldailami 4. Mr Ali Yusuf A.Rahman A.Rahim	Non-executive / Independent Non-executive / Non-Independent Non-executive / Independent Non-executive / Non-Independent



Audit Committee:

Mr. Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Audit Committee. The Audit Committee comprises of four directors. The Charter of the Audit Committee specifies the roles and responsibilities assigned to the Committee.

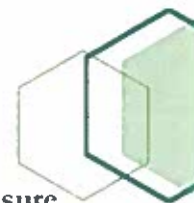
Competences of the Audit Committee Members:

- 1- Review the Company's accounting and financial practices.
- 2- Review the credibility of the Company's financial control, internal control and financial statements.
- 3- Review and approve the Company's financial statements before presenting the same to the Board.
- 4- Discuss the significant accounting and financial policies and reporting issues for the financial year.
- 5- Review the Company's compliance with legal requirements.
- 6- Consider and recommend to the Board the appointment, resignation or dismissal of an external auditor, determine the audit fees and compensations and oversee the auditor's work.
- 7- Discuss the significant observations of external and internal Auditors and the response from the management.
- 8- Review the company's risk management and internal audit functions.
- 9- Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
- 10- Deal with any concerns arising from the 'whistleblower' program adopted by the Board to allow for concerns to be raised confidentially.

The Company should hold a minimum of four Audit Committee meetings during each year. During the year, three meetings of the Audit Committee were held. The following table summarises the information about the members attendance in the Audit Committee meetings:

Members	23 Feb	29 Jul	04 Nov	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	100%
Mr Jehad Yusuf Abdulla Amin	✓	✓	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	✓	✓	✓	100%

During the year, total fees paid to the members of the Audit Committee was BD 5,400/-.



Executive Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Executive Committee. The Executive Committee comprises of four directors. The Charter of the Executive Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Executive Committee Members:

- 1- Address specific matters delegated to it by the Board of Directors.
- 2- Make recommendations thereon to the Board and make decisions based on authorities specifically delegated by the Board.
- 3- Review and approve business and investment opportunities and proposals, credit, major procurement, and outsourcing matters, as may be delegated by the Board.

The Company should hold a minimum of four Executive Committee meetings during each year. During the year, two meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	20 May	24 Dec	% 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%

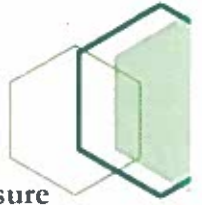
During the year, total fees paid to the members of the Executive Committee was BD 3,600.

Nomination and Remuneration Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises of four directors. The Charter of the Nomination and Remuneration Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Nomination and Remuneration Committee Members:

- 1- Review the structure of the Board, periodically evaluate the directors' performance, and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company's interests.
- 2- Ensure that adequate policies and procedures are in place for the evaluation of the performance of executive management.



- 3- Review the remuneration & sitting fees of the directors and making recommendations to the Board about their decision.
- 4- Approve of succession plans of senior management before the plans is presented to the Board for approval.

The Company should hold a minimum of two Nomination and Remuneration Committee meetings during each year. During the year, one meeting of the Nomination and Remuneration Committee were held. The following table summarises the information about the members attendance in the Nomination and Remuneration Committee meetings:

Members	24 Dec	% 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, no fees paid to the members of the Nomination, Remuneration Committee .

Corporate Governance Committee:

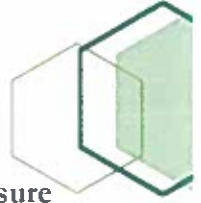
Mr Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Corporate Governance Committee. Corporate Governance Committee comprises of four directors. The Charter of the Corporate Governance Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Corporate Governance Committee Members:

- 1- Assist the board in developing Company's Corporate Governance policy framework and recommending changes from time to time to the framework developed.
- 2- Ensure the Company's practices conform to its corporate governance policy and is aligned to good governance practices.

The Company should hold a minimum of two Corporate Governance Committee meetings during each year. During the year, one meetings of the Corporate Governance Committee were held. The following table summarises the information about the members attendance in the Corporate Governance Committee meetings:

Members	04 Nov	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	100%
Mr Jehad Yusuf Abdulla Amin	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	✓	100%



During the year, total fees paid to the members of the Corporate Governance Committee was BD 1,800.

7. CORPORATE GOVERNANCE

Actions taken to complete the Corporate Governance Code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company 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 Company relates to its employees, shareholders and the community in which the Company 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 Government 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.

Compliances 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 and did not note any non-compliance during the years ended 2020.

8. CORPORATE GOVERNANCE OFFICER

S.No.	Name	Qualification	Date of Appointment	Contact Details
1	Mr. Sameer Abdulla Alkhan	Diploma in Human Resources	23/12/2018	Phone: +973-17723343 e-mail: sameer@trafco.com

9. IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There are no irregularities committed during the year 2020.



10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2020, in addition to a description of the auditor's years of service as the Company's external auditor is as follows:

Name of the audit firm	Ernst & Young - Middle East
Years of service as the Company's external auditor	21 years
Name of the partner in charge of the Company's audit	Kazim Merchant
The partner's years of service as the partner in charge of the Company's audit	Second year
Total audit fees for the financial statements for the year 2020 (in BD)	Information about audit fees is available on request from Corporate Governance Officer.
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2020 (in BD) if any. In the absence of such fees, this shall be expressly stated	

11. CONFLICT OF INTEREST

No conflicts of interest arose during the years ended 2020. 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. 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.

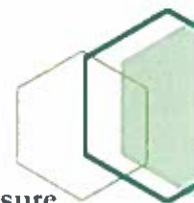
12. RELATED PARTY TRANSACTIONS

All related party transactions are done on an arm's length basis and approved by the management of the Group. No employee or director or member of executive management can trade the shares with the material information which is not made public.

Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction is detailed in section 17. All transaction listed in section 17 is with common directors except Bahrain Livestock Company B.S.C. (c) which is an Associate.

13. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to providing relevant and timely information to its shareholders, investors and regulators in accordance with its continuous disclosure obligations defined in the Code. Information is communicated to shareholders and regulators through the distribution of the Company's Annual Report and other information releases about the significant matters through



the Company's website in a timely manner. The Board Secretary is responsible for communications with the shareholders and regulators ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

14. EVALUATION OF BOARD PERFORMANCE

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting. The Board of Directors evaluates the performance of the Chairman and Group CEO in the Board of Directors meeting.

During the year, 2020, evaluation was done in the following ways:

The Board has introduced annual performance evaluations of Board, its Committees, individual directors and executive management in accordance with their respective terms of reference and appointment agreements with the aim of improving the effectiveness and contributions towards the Group.

The evaluation is designed to determine whether the Board, its Committees, individual directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

15. CONTRIBUTIONS TOWARDS COMMUNITY DEVELOPMENT AND ENVIRONMENT PRESERVATION

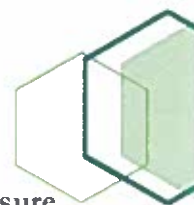
Contribution to Charitable societies and others in cash BD 50,938 (including COVID-19 Feena Khair Campaign)

Contribution in kind of BD 11,002.



16. COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.			Yes	
Principle 2 The directors and executive management shall have full loyalty to the company.			Yes	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			Yes	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.			Yes	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly			Yes	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, roles and responsibilities.			Yes	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			Yes	
Principle 8: The Company shall disclose its corporate governance.			Yes	
Principle 9: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			Yes	
Principle 10: The Company shall seek through social responsibility to exercise its role as a good citizen.			Yes	



17. ANNEXURE 1: RELATED PARTY TRANSACTIONS:

Related party details for the year 2020

1. TRAFCO - Trafco Group B.S.C
2. ADC - Awal Dairy Company W.L.L.
3. BWBC - Bahrain Water Bottling & Beverages Company W.L.L.
4. BFFC - Bahrain Fresh Fruits Company W.L.L.
5. METRO - Metro Market W.L.L.
6. TLC - Trafco Logistics Company W.L.L.

MAZA B.S.C (C)	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	1,906	-	-	-	-	-	1,906
Purchases	6,766	251,474	-	-	4,161	-	262,401
Other income	-	-	-	-	-	-	-
Receivables	48	-	-	-	-	-	48
Payables	-	40,556	-	-	141	-	40,697
Other expenses	-	-	-	-	-	-	-

Mohamed Jalal & Sons Company	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	84,329	-	-	26,984	-	-	111,313
Purchases	-	-	-	-	50,797	-	50,797
Other income	-	-	-	-	-	-	-
Receivables	32,614	-	-	14,672	-	-	47,286
Payables	-	-	-	-	4,204	-	4,204
Other expenses	-	-	-	-	-	-	-

Saleh Alsaleh Company W.L.L	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	33,056	-	-	4,103	-	-	37,159
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	10,821	-	-	-	-	-	10,821
Payables	-	-	-	-	14	-	14
Other expenses	-	-	-	-	243	-	243

Manama Travel Centre	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	495	-	-	-	155	-	650
Other expenses	645	-	-	-	1,095	-	1,740



E K Kanoo Group	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	18,020	-	-	-	18,020
Purchases	-	-	-	-	-	5,487	5,487
Other income	-	-	-	-	-	-	-
Receivables	-	-	5,948	-	-	-	5,948
Payables	448	-	12,040	326	-	4,796	17,611
Other expenses	4,589	-	34,597	2,454	-	-	39,640

Motorcity Holding Co	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	465	-	622	186	-	-	1,273
Other expenses	1,015	-	2,202	1,704	-	-	4,921

United Paper Industries	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	5,257	275,082	82,612	-	-	-	362,951
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	73,554	17,409	-	-	-	90,963
Other expenses	-	-	-	-	-	-	-

Delmon Poultry	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	2,844	2,844
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Abdulla Yusif Fakhro	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	256	-	-	-	256
Purchases	-	-	2,294	-	-	-	2,294
Other income	-	-	-	-	-	-	-
Receivables	-	-	151	-	-	-	151
Payables	929	-	523	-	-	-	1,452
Other expenses	4,278	-	-	-	-	-	4,278



Bahrain Cinema Company	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	42	-	-	-	42
Purchases	-	-	-	-	-	-	-
Other income	500	-	-	-	-	-	500
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Budget Rent A Car	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	147	-	-	-	147
Other expenses	-	-	1,858	-	-	-	1,858

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	63,395	29,930	250	33,941	-	-	127,516
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	18,536	7,045	220	2,904	-	-	28,705
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

National Transport Company	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	1,050	-	-	-	-	1,050
Other expenses	-	5,253	-	-	-	-	5,253



Yousuf Abdul Rahman Engineer	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	5,344	-	-	-	-	5,344
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	182	39,759	-	-	-	-	39,941
Other expenses	1,728	151,165	-	-	-	-	152,893

FOOSCO	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	14,964	6,305	-	-	201	21,470
Purchases	24,520	-	27,273	-	665	-	52,458
Other income	-	-	-	-	-	-	-
Receivables	20,720	1,677	85	-	-	-	22,482
Payables	11,957	-	3,623	-	57	-	15,636
Other expenses	-	-	-	-	-	-	-

Bahrain Livestock Co.	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	24,020	-	120	441	-	-	24,581
Purchases	14,415	-	-	-	7,363	-	21,778
Other income	-	-	-	13,180	-	-	13,180
Receivables	3,036	-	31	3,399	-	-	6,466
Payables	2,444	-	-	-	207	-	2,651
Other expenses	-	-	-	-	-	-	-

BMMI Group	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	147,186	-	-	-	-	-	147,186
Purchases	-	-	-	-	51,868	-	51,868
Other income	56,685	-	-	-	-	-	56,685
Receivables	27,244	-	-	-	-	144	27,388
Payables	-	-	-	-	2,970	-	2,970
Other expenses	-	-	-	-	-	-	-

BANZ Group	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	2,894	-	-	-	2,894
Purchases	-	-	-	-	-	-	-
Other income	245,192	-	-	-	-	-	245,192
Receivables	-	-	421	-	-	-	421
Payables	-	-	-	-	-	-	-
Other expenses	-	-	878	-	-	-	878

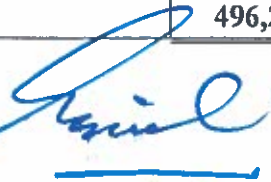


Banader Hotels	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	1,081	-	-	-	-	-	1,081
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	187	-	-	-	-	-	187
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Associates company	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	24,020	-	120	441	-	-	24,581
Purchases	14,415	-	-	-	7,363	-	21,778
Other income	-	-	-	13,180	-	-	13,180
Receivables	3,036	-	31	3,399	-	-	6,466
Payables	2,444	-	-	-	207	-	2,651
Other expenses	-	-	-	-	-	-	-

Common directorship	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	330,953	44,894	27,767	65,028	-	3,045	471,687
Purchases	36,543	531,900	112,179	-	107,491	5,487	793,601
Other income	302,377	-	-	-	-	-	302,377
Receivables	110,170	8,722	6,825	17,576	-	144	143,436
Payables	14,476	154,919	34,364	512	7,541	4,796	216,608
Other expenses	12,256	156,418	37,534	4,158	1,338	-	211,704

Description	Sales	Purchase of goods and services	Other Income	Expenses	Due from related parties	Due to related parties
	BD	BD	BD	BD	BD	BD
Associated companies	24,581	21,778	13,180	-	6,466	2,651
Common directors	471,687	793,601	302,377	211,704	143,436	216,608
	496,268	815,378	315,557	211,704	149,902	219,259


 Ebrahim Mohamed Ali Zainal
 Chairman
 24 February 2021.