

Trafco Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2019 (REVIEWED)

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as of 31 March 2019, and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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




5 May 2019
Manama, Kingdom of Bahrain

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 March 2019 (Reviewed)

	Note	Three-month period ended 31 March	
		2019	2018
		BD	BD
Revenue from contracts with customers	4	9,928,308	10,044,943
Costs of revenue		(7,951,885)	(8,000,582)
GROSS PROFIT		1,976,423	2,044,361
Other operating income		43,078	52,710
Personnel costs		(947,924)	(902,995)
General and administration expenses		(294,351)	(288,489)
Selling and distribution expenses		(181,316)	(178,326)
Depreciation		(162,031)	(101,203)
PROFIT FROM OPERATIONS		433,879	626,058
Investment income - net		567,098	492,781
Finance costs		(71,857)	(43,527)
Share of results of an associate	8	(2,980)	(59,817)
Foreign exchange (loss) gains, net		(2,189)	12,243
PROFIT OF THE GROUP FOR THE PERIOD		923,951	1,027,738
Profit attributable to non-controlling interests		(98,835)	(161,212)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFKO		825,116	866,526
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	6	11	11


Ebrahim Mohamed Ali Zainal
Chairman


Yusuf Saleh Abdulla Alsaleh
Vice Chairman


S Sridhar
Group Chief Executive Officer

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2019 (Reviewed)

	Three-month period ended 31 March	
	2019 BD	2018 BD
PROFIT OF THE GROUP FOR THE PERIOD	923,951	1,027,738
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) not to be reclassified to the interim consolidated statement of income in subsequent periods:</i>		
- Net changes in fair value of investments classified as fair value through other comprehensive income - net (note 9)	443,801	(88,515)
- Share of associate's other comprehensive (loss) income (note 8)	(25,259)	5,599
Net other comprehensive income (loss) not to be reclassified to the interim consolidated statement of income in subsequent periods	418,542	(82,916)
<i>Other comprehensive (loss) to be reclassified to the interim consolidated statement of income in subsequent periods:</i>		
- Exchange differences on translation of foreign operations	(19,659)	(53,936)
Net other comprehensive loss to be reclassified to the interim consolidated statement of income in subsequent periods	(19,659)	(53,936)
Other comprehensive income (loss) for the period	398,883	(136,852)
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD	1,322,834	890,886
Total comprehensive income attributable to non-controlling interests	(89,202)	(134,783)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO	1,233,632	756,103



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Alsaleh
Vice Chairman



S Sridhar
Group Chief Executive Officer

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019 (Reviewed)

		31 March 2019 (Reviewed) BD	31 December 2018 (Audited) BD
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		9,232,990	9,025,225
Right-of-use assets	7	2,395,744	-
Investment in an associate	8	1,606,997	1,635,236
Non-trading investments	9	11,444,548	10,960,631
		<u>24,680,279</u>	<u>21,621,092</u>
Current assets			
Inventories		8,468,459	7,729,203
Right of return assets		31,417	40,170
Trade and other receivables		9,610,853	8,377,042
Cash, bank balances and short-term deposits		1,778,529	1,987,607
		<u>19,889,258</u>	<u>18,134,022</u>
TOTAL ASSETS		<u>44,569,537</u>	<u>39,755,114</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	8,067,505	8,067,505
Treasury shares		(1,169,027)	(866,096)
Share premium		3,386,502	3,386,502
Reserves		14,919,922	15,054,019
Equity attributable to shareholders of Trafco		<u>25,204,902</u>	<u>25,641,930</u>
Non-controlling interests		3,195,429	3,106,227
Total equity		<u>28,400,331</u>	<u>28,748,157</u>
Non-current liabilities			
Lease liabilities	15	2,003,022	-
Employees' end of service benefits		1,354,433	1,332,663
Term loans		433,595	392,361
Retentions payable		9,005	9,005
		<u>3,800,055</u>	<u>1,734,029</u>
Current liabilities			
Trade and other payables		8,501,851	6,538,671
Import loans		2,937,534	2,299,147
Lease liabilities	15	407,218	-
Contract and refund liabilities		204,153	166,052
Bank overdrafts		246,122	186,498
Term loans		72,273	82,560
		<u>12,369,151</u>	<u>9,272,928</u>
Total liabilities		<u>16,169,206</u>	<u>11,006,957</u>
TOTAL EQUITY AND LIABILITIES		<u>44,569,537</u>	<u>39,755,114</u>

Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla Alsaleh
Vice Chairman

S Sridhar

Group Chief Executive Officer

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2019 (Reviewed)

		Three-month period ended 31 March	
		2019 BD	2018 BD
	Note		
OPERATING ACTIVITIES			
Profit of the Group for the period		923,951	1,027,738
Adjustments for:			
Investment income - net		(567,098)	(492,781)
Depreciation of property, plant and equipment		239,979	248,971
Depreciation of right-of-use assets	7	93,548	-
Finance costs		71,857	43,527
Provision for employees' end of service benefits		72,556	52,129
Share of results of an associate	8	2,980	59,817
Provision for slow moving and obsolete of inventories		11,909	3,572
Allowance (reversal) for expected credit losses		24,597	(2,573)
Gain on disposals of property, plant and equipment		(3,271)	-
Operating profit before changes in working capital		871,008	940,400
Working capital changes:			
Inventories		(751,165)	(407,950)
Right of return assets		8,753	5,292
Trade and other receivables		(1,113,799)	(909,611)
Trade and other payables		600,372	(685,677)
Contract and refund liabilities		38,101	11,279
Cash used in operations		(346,730)	(1,046,267)
Finance costs paid		(33,395)	(43,527)
Directors' remuneration paid		-	(107,625)
Employees' end of service benefits paid		(50,786)	(80,225)
Net cash flows used in operating activities		(430,911)	(1,277,644)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(450,733)	(183,554)
Proceeds from disposals of property, plant and equipment		6,260	-
Purchase of non-trading investments	9	(40,116)	(184,156)
Dividends received		422,489	295,018
Short term deposit with maturity over three months		(250,000)	-
Net cash flows used in investing activities		(312,100)	(72,692)
FINANCING ACTIVITIES			
Dividends paid		(9,156)	(8,713)
Net movements in import loans		638,387	211,056
Term loan availed		52,771	-
Repayment of term loans		(21,824)	(208,339)
Payment of lease liabilities	15	(113,279)	-
Repayment of loans from non-controlling interests		-	(248,500)
Dividend paid to non-controlling interests		-	(161,160)
Purchase of treasury shares		(302,931)	-
Net cash flows from (used in) financing activities		243,968	(415,656)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(499,043)	(1,765,992)
Foreign currency translation adjustments - net		(19,659)	(53,936)
Cash and cash equivalents at 1 January		1,801,109	2,414,692
CASH AND CASH EQUIVALENTS AT 31 MARCH (a)		1,282,407	594,764

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period ended 31 March 2019 (Reviewed)

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

	<i>Three-month period ended 31 March</i>	
	2019	2018
	BD	BD
Cash, bank balances and short-term deposits	1,778,529	1,589,812
Less: Bank overdrafts	(246,122)	(995,048)
Less: Short term deposit with maturity over three months	(250,000)	-
	1,282,407	594,764

Non-cash item:

- (i) Unclaimed dividends of BD 1,358,573 (2018: BD 1,223,846) pertaining to prior periods have been excluded from the movement of trade and other payables.
- (ii) Dividends receivable of BD 144,609 (2018: BD 197,763) have been excluded from the movement of trade and other receivables above.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of Treco

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Reviewed)

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

Relationship / name	Country of incorporation	Ownership interest		Principal activities
		31 March 2019 (Reviewed)	31 December 2018 (Audited)	
Subsidiaries				
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 S.P.C.	Kingdom of Bahrain	100%	100%	Trading in fresh fruits and vegetables and other food items.
Metro Markets Company S.P.C.	Kingdom of Bahrain	100%	100%	Trading in food and beverages.
Trafco Logistics Company 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 and sale of livestock and fresh meat.
Qatari Bahraini Food Trading Co. L.L.C.	State of Qatar	50%	50%	Under liquidation.

* Effective ownership held through 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 has 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 and in the State of Kuwait through its subsidiary.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 5 May 2019.

2 SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The interim condensed consolidated financial statements for the three-month period ended 31 March 2019 have been prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018. In addition, results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

New and amended standards and interpretations adopted as on 1 January 2019

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the new standards and interpretations and amendments to standards and interpretations effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the Group measures the right-of-use assets at 1 January 2019 at an amount which is equal to the lease liability. The Group elected to use the transition practical expedient allowing the Standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the date of initial application, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 as at 1 January 2019 is as follows:

	BD
Assets	
Right-of-use assets (note 7)	2,489,292
	BD
Liabilities	
Lease liabilities (note 15)	2,489,292
The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:	
	BD
Operating lease commitments as at 31 December 2018	2,793,953
Weighted average incremental borrowing rate as at 1 January 2019	6%
Discounted operating lease commitments at 1 January 2019	2,347,913
Add:	
Payments in optional extension periods not recognised as at 31 December 2018	141,379
Lease liabilities as at 1 January 2019	2,489,292

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various rental spaces, motor vehicles, buildings and land on which its plants are situated. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'Trade and other receivables' and 'Trade and other payables', respectively. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective approach, the Group has recognised the right-of-use assets and the corresponding lease liability in the interim condensed consolidated financial statements.

(i) Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Several other new standards and interpretations and amendments to standards and interpretations applied for the first time in 2019. However, they did not impact the interim condensed consolidated financial statements of the Group.

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 and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the date of initial application, 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).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 accretion 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant accounting judgements and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the following judgement:

Judgements

Determination of lease term of contracts with renewal 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.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew the lease for another term. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. 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 (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for certain leases of land and buildings due to the significance of these assets to its operations.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Reviewed)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents the disaggregation of the Group's revenue from contracts with customers for the three-month periods ended 31 March 2019 and 31 March 2018:

	Imported foodstuff				Dairy products and beverages				Fruits and vegetables				Storage and logistics				Total	
	Wholesale		Retail		2019		2018		2019		2018		2019		2018		2019	2018
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Types of revenue																		
Sale of goods	4,990,173	4,702,562	438,477	684,969	3,674,446	3,856,068	633,274	620,947	-	-	191,938	180,397	9,736,370	9,864,546				
Rendering of services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue from contracts with customers	4,990,173	4,702,562	438,477	684,969	3,674,446	3,856,068	633,274	620,947	191,938	180,397	9,928,308	10,044,943						
Geographic markets																		
Bahrain	4,990,173	4,702,562	438,477	684,969	2,990,621	3,132,949	633,274	620,947	191,938	180,397	9,244,483	9,321,824						
Kuwait and other countries	-	-	-	-	683,825	723,119	-	-	-	-	683,825	723,119						
Total revenue from contracts with customers	4,990,173	4,702,562	438,477	684,969	3,674,446	3,856,068	633,274	620,947	191,938	180,397	9,928,308	10,044,943						
Timing of revenue recognition																		
At a point in time	4,990,173	4,702,562	438,477	684,969	3,674,446	3,856,068	633,274	620,947	-	-	9,736,370	9,864,546						
Over the time	-	-	-	-	-	-	-	-	191,938	180,397	191,938	180,397						
Total revenue from contracts with customers	4,990,173	4,702,562	438,477	684,969	3,674,446	3,856,068	633,274	620,947	191,938	180,397	9,928,308	10,044,943						

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 31 March 2019 (Reviewed)

5 SEASONALITY OF RESULTS

Net investment income for the three-month period ended 31 March 2019 amounting to BD 567,098 (2018: BD 492,781) is of a seasonal nature.

6 EARNINGS PER SHARE

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

	<i>Three-month period ended 31 March (Reviewed)</i>	
	2019	2018
Profit for the period attributable to shareholders of TRAFCO – (BD)	825,116	866,526
Weighted average number of shares, net of treasury shares	76,572,014	77,034,935
Basic and diluted earnings per share (fils)	11	11

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

7 RIGHT-OF-USE ASSETS

The movements in the carrying value of right-of-use assets during the period, was as follows:

	<i>Land BD</i>	<i>Buildings BD</i>	<i>Motor vehicles BD</i>	<i>Total BD</i>
As at 1 January 2019 (note 2)	1,625,516	841,301	22,475	2,489,292
Depreciation for the period	(33,590)	(57,406)	(2,552)	(93,548)
As at 31 March 2019	1,591,926	783,895	19,923	2,395,744

8 INVESTMENT IN AN ASSOCIATE

The Group owns a 36.26% [31 December 2018 (Audited): 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 the associate, are as follows:

	<i>31 March 2019 (Reviewed) BD</i>	<i>31 December 2018 (Audited) BD</i>
At beginning of the period / year	1,635,236	1,802,625
Share of results for the period / year	(2,980)	(174,044)
Net changes in fair value of associate's non-trading investments during the period / year	(25,259)	6,655
At end of the period / year	1,606,997	1,635,236

8 INVESTMENT IN AN ASSOCIATE (continued)

The share of results of the associate is recorded based on the approved management accounts for the three-month periods ended 31 March 2019 and 31 March 2018.

The associate has no significant contingencies or capital commitments as at 31 March 2019 and as at 31 December 2018.

9 NON-TRADING INVESTMENTS

	31 March 2019 (Reviewed) BD	31 December 2018 (Audited) BD
<i>Fair value through other comprehensive income</i>		
- Quoted equity investments	7,341,996	6,774,530
- Unquoted equity investments	3,802,552	3,886,101
- Quoted debt instruments	300,000	300,000
	11,444,548	10,960,631

The movements in the fair values of non-trading investments, are as follows:

	31 March 2019 (Reviewed) BD	31 December 2018 (Audited) BD
At beginning of the period / year	10,960,631	9,852,400
Purchase of investments during the period / year	40,116	884,166
Changes in fair values during the period / year - net	443,801	224,065
At end of the period / year	11,444,548	10,960,631

Quoted equity investments

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

Unquoted equity investments

The fair values of unquoted equity investments have been estimated using fair value provided by the investment managers or fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2019 (Reviewed)

10 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Group as at 31 March 2019 and 31 December 2018:

	<i>Amortised cost BD</i>	<i>Fair value through other comprehensive income BD</i>	<i>Total BD</i>
Financial assets			
At 31 March 2019 (Reviewed)			
Non-trading investments	-	11,444,548	11,444,548
Trade and other receivables	9,610,853	-	9,610,853
Cash, bank balances and short-term deposits	1,778,529	-	1,778,529
	11,389,382	11,444,548	22,833,930

	<i>Amortised cost BD</i>	<i>Fair value through other comprehensive income BD</i>	<i>Total BD</i>
Financial assets			
At 31 December 2018 (Audited)			
Non-trading investments	-	10,960,631	10,960,631
Trade and other receivables	8,377,042	-	8,377,042
Bank balances and cash	1,987,607	-	1,987,607
	10,364,649	10,960,631	21,325,280

	31 March 2019 (Reviewed) BD	31 December 2018 (Audited) BD
Financial liabilities at amortised cost		
Trade and other payables	8,501,851	6,538,671
Import loans	2,937,534	2,299,147
Lease liabilities	2,410,240	-
Term loans	505,868	474,921
Bank overdrafts	246,122	186,498
Retentions payable	9,005	9,005
	14,610,620	9,508,242

11 FAIR VALUE MEASUREMENT

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

Fair value of financial instruments

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

- Cash, bank balances and short-term deposits, bank overdrafts, a portion of trade and other receivables, retentions payable and a portion of trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Term loans, import loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. As at 31 March 2019 and as at 31 December 2018, the carrying amounts are not materially different from their fair values; and

11 FAIR VALUE MEASUREMENT (continued)

- c) Fair value of quoted equity investments and quoted debt instruments is derived from quoted market prices in active markets or in the case of unquoted non-trading investments using fair value provided by the investment managers or fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

The fair values of financial assets and liabilities are not materially different from their carrying values as at 31 March 2019 and as at 31 December 2018.

Fair value of non-financial assets and liabilities

The Group does not have any non-financial assets or liabilities which have been remeasured at fair value as at 31 March 2019 and as at 31 December 2018.

Fair value hierarchy

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

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

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

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

31 March 2019 (Reviewed)				
	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	Total BD
Assets measured at fair value				
<i>Non-trading investments:</i>				
- Quoted equity investments	7,341,996	-	-	7,341,996
- Unquoted equity investments	-	-	3,802,552	3,802,552
- Quoted debt instruments	300,000	-	-	300,000
	<u>7,641,996</u>	<u>-</u>	<u>3,802,552</u>	<u>11,444,548</u>
31 December 2018 (Audited)				
	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	Total BD
Assets measured at fair value				
<i>Non-trading investments:</i>				
- Quoted equity investments	6,774,530	-	-	6,774,530
- Unquoted equity investments	-	-	3,886,101	3,886,101
- Quoted debt instruments	300,000	-	-	300,000
	<u>7,074,530</u>	<u>-</u>	<u>3,886,101</u>	<u>10,960,631</u>

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11 FAIR VALUE MEASUREMENT (continued)

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 March 2019 and 31 December 2018.

During the three-month period ended 31 March 2019 and year ended 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and there are no transfers into or out of Level 3 fair value measurements.

Level 3 equity securities have been estimated using indicative bids provided by the fund administrators, use of recent arm's length market transactions, current fair value of another similar instrument or other appropriate valuation techniques including net asset value and market multiples.

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

	31 March 2019 (Reviewed) BD	31 December 2018 (Audited) BD
At beginning of the period / year	3,886,101	3,808,170
Changes in fair value	(83,549)	77,931
At end of the period / year	3,802,552	3,886,101

12 SHARE CAPITAL

	31 March 2019 (Reviewed) BD	31 December 2018 (Audited) BD
Authorised:		
100,000,000 [31 December 2018 (Audited): 100,000,000] shares of BD 0.100 each	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
80,675,052 [31 December 2018 (Audited): 80,675,052] shares of BD 0.100 each	8,067,505	8,067,505

13 TREASURY SHARES

Treasury shares represent 4,690,117 [31 December 2018 (Audited): 3,740,117] shares, representing 5.81% [31 December 2018 (Audited): 4.64%] of the issued, subscribed and fully paid-up share capital of the Company. During the period, the Company repurchased 950,000 (2018: 100,000) additional shares for a cash consideration of BD 302,931 (2018: BD 32,088).

14 DIVIDENDS

At the annual general meeting of the shareholders held on 31 March 2019, a final cash dividend of 18 fils per share, excluding treasury shares, totaling BD 1,367,729 for the year ended 31 December 2018 was declared (31 March 2018: At the annual general meeting of the shareholders held on 26 March 2019, a final cash dividend of 16 fils per share, excluding treasury shares, totaling BD 1,232,559 for the year ended 31 December 2017 was declared and paid). Dividends payable are included within 'Trade and other payables' in the interim consolidated statement of financial position as at 31 March 2019 and as at 31 December 2018.

15 LEASE LIABILITIES

Lease liabilities relating to the Group's leases for land, warehouses, supermarkets outlets, office buildings and motor vehicles and disclosed in the interim consolidated statement of financial position as follows:

	31 March 2019 (Reviewed) BD
Non-current lease liabilities	2,003,022
Current lease liabilities	407,218
	2,410,240

The movements in the lease liabilities during the period, were as follows:

	31 March 2019 (Reviewed) BD
As at 1 January 2019 on adoption of IFRS 16 (note 2)	2,489,292
Interest expense for the period	34,227
Payments during the period	(113,279)
As at 31 March 2019	2,410,240

16 COMMITMENTS AND CONTINGENCIES

As at 31 March 2019, the Group has capital expenditure commitments of BD 632,725 [31 December 2018 (Audited): BD 264,486].

Tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, outstanding as at 31 March 2019 amounted to BD 892,572 [31 December 2018 (Audited): BD 864,436].

17 SEGMENT REPORTING

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

Imported foodstuff - Wholesale	Import and distribution of foodstuff.
Imported foodstuff - Retail	Import and distribution of foodstuff through supermarkets.
Investments	Investment in quoted and unquoted securities (including
Dairy products and beverages	Production, processing and distribution of dairy products, juices, ice-cream, bottling of water and other items.
Fruits and vegetables	Import and distribution of fruits, vegetables and other food items.
Storage and logistics	Providing of storage and logistics services.

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

17 SEGMENT REPORTING (continued)

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

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

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

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

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

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

Revenue from operations for the three-month period ended 31 March 2019 in the State of Kuwait amounted to BD 683,825 (2018: BD 723,119) and loss for the three-month period ended 31 March 2019 amounted to BD 55,746 (2018: BD 29,973). The remaining revenue and profit for the period is generated from the primary geographical segment in the Kingdom of Bahrain.

At 31 March 2019, total assets in the State of Kuwait amounted to BD 1,298,599 [31 December 2018 (Audited): BD 1,038,276] and total liabilities amounted to BD 1,215,457 [31 December 2018 (Audited): BD 927,279]. All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

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17 SEGMENT REPORTING (continued)

Three-month period ended 31 March 2019 (Reviewed)

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2019 and 31 March 2018:

	Imported foodstuff				Investments				Dairy products and beverages				Fruits and vegetables				Storage and logistics				Adjustments and eliminations				Total	
	Wholesale		Retail		2019		2018		2019		2018		2019		2018		2019		2018		2019		2018			
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD			
Revenue - third parties	4,990,173	4,673,275	438,477	684,869	-	-	-	-	3,674,446	3,956,068	633,274	620,947	191,938	209,684	-	-	-	-	-	-	-	-	-	-		
Revenue - inter segments	219,327	369,936	-	-	-	-	-	-	13,730	12,245	3,866	33,777	27,089	32,889	(264,012)	(466,847)	(264,012)	(466,847)	(264,012)	(466,847)	(264,012)	(466,847)	(264,012)	-		
Total revenue	5,209,500	5,063,211	438,477	684,869	-	-	-	-	3,688,176	3,968,313	637,140	654,724	219,027	242,573	(264,012)	(466,847)	(264,012)	(466,847)	(264,012)	(466,847)	(264,012)	(466,847)	(264,012)	10,044,943		
Costs of revenue (excluding depreciation)	(4,487,206)	(4,337,736)	(378,479)	(600,798)	-	-	-	-	(2,571,554)	(2,734,907)	(518,903)	(532,049)	(51,385)	(50,394)	236,923	435,959	236,923	435,959	(7,770,604)	(7,770,604)	236,923	435,959	(7,770,604)	(7,819,926)		
Gross profit	722,294	725,475	59,998	84,173	-	-	-	-	1,116,622	1,133,406	118,237	122,675	167,642	192,179	(27,089)	(32,889)	(27,089)	(32,889)	2,157,704	2,157,704	(27,089)	(32,889)	2,157,704	2,225,017		
Other operating income	62,676	29,461	9,829	12,365	-	-	-	-	10,810	43,742	12,443	4,618	7,380	5,622	(60,060)	(43,098)	(60,060)	(43,098)	43,078	43,078	(60,060)	(43,098)	43,078	52,710		
Expenses (excluding depreciation)	(588,004)	(570,602)	(50,920)	(79,661)	-	-	-	-	(725,844)	(684,676)	(92,670)	(81,095)	(41,002)	(49,181)	65,064	43,639	65,064	43,639	(1,433,376)	(1,433,376)	65,064	43,639	(1,433,376)	(1,402,668)		
Depreciation	(51,289)	(27,040)	(17,041)	(6,430)	-	-	-	-	(181,043)	(128,954)	(13,016)	(11,234)	(67,008)	(71,183)	(4,130)	(4,130)	(4,130)	(4,130)	(333,527)	(333,527)	(4,130)	(4,130)	(333,527)	(248,971)		
Profit from operations	145,677	157,292	1,866	10,227	-	-	-	-	220,545	363,516	24,994	54,064	67,012	77,437	(26,215)	(36,478)	(26,215)	(36,478)	433,879	433,879	(26,215)	(36,478)	433,879	626,058		
Investment income - net (including share of results of an associate)	-	-	-	-	732,475	717,285	-	-	-	-	-	-	-	-	(168,357)	(284,321)	(168,357)	(284,321)	564,118	564,118	(168,357)	(284,321)	564,118	432,964		
Finance costs	(42,917)	(25,566)	(2,791)	(1,416)	-	-	-	-	(16,784)	(11,912)	(12,878)	(12,132)	(26,832)	(24,849)	30,345	32,346	30,345	32,346	(71,857)	(71,857)	30,345	32,346	(71,857)	(43,527)		
Foreign exchange (loss) gains, net	-	-	-	-	-	-	-	-	(2,189)	12,243	-	-	-	-	-	-	-	-	(2,189)	(2,189)	-	-	(2,189)	12,243		
Profit (loss) for the period	102,760	131,726	(925)	8,811	732,475	717,285	-	-	201,572	363,847	12,116	41,932	40,180	52,588	(164,227)	(288,451)	(164,227)	(288,451)	923,951	923,951	(164,227)	(288,451)	923,951	1,027,736		
Capital expenditure	133,689	18,915	-	1,177	-	-	-	-	239,802	129,655	58,250	7,500	18,992	26,307	-	-	-	-	450,733	450,733	-	-	450,733	183,554		

The following table presents segment assets and liabilities as at 31 March 2019 and 31 December 2018:

	Imported foodstuff				Investments				Dairy products and beverages				Fruits and vegetables				Storage and logistics				Adjustments and eliminations				Total			
	Wholesale		Retail		31 March		31 December		31 March		31 December		31 March		31 December		31 March		31 December		31 March		31 December		31 March		31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)
Assets	18,291,701	13,331,324	827,787	811,917	18,730,912	16,149,862	-	-	12,334,841	10,962,388	1,763,912	1,674,360	3,716,844	3,680,445	(9,096,460)	(8,855,202)	(9,096,460)	(8,855,202)	44,569,537	39,755,114	44,569,537	39,755,114	44,569,537	39,755,114	44,569,537	39,755,114	44,569,537	39,755,114
Liabilities	10,148,113	6,158,891	489,393	475,220	-	-	-	-	4,964,773	3,603,033	1,276,209	1,194,732	2,327,242	2,331,018	(3,036,524)	(2,955,937)	(3,036,524)	(2,955,937)	16,169,206	11,006,957	16,169,206	11,006,957	16,169,206	11,006,957	16,169,206	11,006,957	16,169,206	11,006,957

18 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, companies having common directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim consolidated statement of income for the three-month periods ended 31 March 2019 and 31 March 2018 respectively are as follows:

		<i>Three-month period ended 31 March 2019 (Reviewed)</i>			
		<i>Sales BD</i>	<i>Purchase of goods and services BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies		37	2,014	-	-
Common directors		104,195	291,788	318,674	85,497
		<u>104,232</u>	<u>293,802</u>	<u>318,674</u>	<u>85,497</u>
		<i>Three-month period ended 31 March 2018 (Reviewed)</i>			
		<i>Sales BD</i>	<i>Purchase of goods and services BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies		-	105,554	3,540	-
Common directors		113,189	272,603	319,937	86,369
		<u>113,189</u>	<u>378,157</u>	<u>323,477</u>	<u>86,369</u>

Balances of the related parties included in the interim consolidated statement of financial position as at 31 March 2019 and as at 31 December 2018 are as follows:

		<i>At 31 March 2019 (Reviewed)</i>		<i>At 31 December 2018 (Audited)</i>	
		<i>Due from related parties BD</i>	<i>Due to related parties BD</i>	<i>Due from related parties BD</i>	<i>Due to related parties BD</i>
Associated companies		23	2,998	2,998	7,014
Common directors		136,581	232,546	244,195	274,781
		<u>136,604</u>	<u>235,544</u>	<u>247,193</u>	<u>281,795</u>

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 period-end and year-end arose in the normal course of business are unsecured, interest free and settlement occurs in cash.

The Group has an allowance for expected credit losses of BD 10,761 [31 December 2018 (Audited): BD 10,761] relating to amounts owed by a related party as of 31 March 2019.

18 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

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

	<i>Three-month period ended 31 March (Reviewed)</i>	
	2019	2018
	BD	BD
Short-term benefits	106,692	94,222
Employees' end of service benefits	5,144	1,954
	111,836	96,176