

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2022 (REVIEWED)**



Ernst & Young - Middle East  
P.O. Box 140  
10<sup>th</sup> 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

## 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 condensed consolidated statement of financial position of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as of 31 March 2022, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ('IAS 34') "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

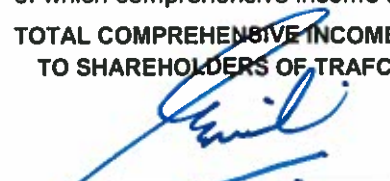
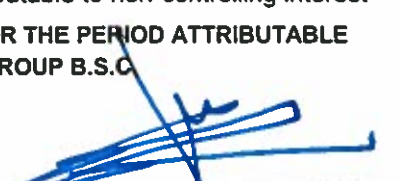
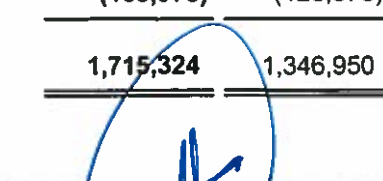
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Auditor's Registration No. 244  
9 May 2022  
Manama, Kingdom of Bahrain

# Trafco Group B.S.C.

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

For the period ended 31 March 2022 (Reviewed)

	Notes	Three-month period ended	
		31 March	
		2022	2021
		BD	BD
Revenue	4	9,890,005	9,000,880
Costs of revenue		(7,928,232)	(7,158,423)
<b>GROSS PROFIT</b>		<b>1,961,773</b>	<b>1,842,457</b>
Other operating income		21,196	35,852
Personnel costs		(884,418)	(949,522)
General and administration expenses		(192,936)	(207,891)
Selling and distribution expenses		(270,779)	(216,700)
Depreciation on property, plant and equipment		(109,470)	(120,007)
Depreciation on right-of-use assets		(72,672)	(70,101)
<b>PROFIT FROM OPERATIONS</b>		<b>452,694</b>	<b>314,088</b>
Investment income	5	624,043	563,932
Share of results of an associate		(29,295)	(45,896)
Finance costs		(35,064)	(31,951)
Finance costs on lease liabilities		(45,893)	(32,742)
Foreign exchange gains, net		12,546	7,917
<b>PROFIT OF THE GROUP FOR THE PERIOD</b>		<b>979,031</b>	<b>775,348</b>
of which profit attributable to non-controlling interest		(163,757)	(129,482)
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.</b>		<b>815,274</b>	<b>645,866</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>	6	<b>11</b>	<b>9</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
- Gains on disposals of investments at fair value through other comprehensive income		-	19,207
- Net change in fair value of investments at fair value through other comprehensive income		923,622	691,545
- Share of associate's other comprehensive income / (loss)		306	(7,666)
		<b>923,928</b>	<b>703,086</b>
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
- Exchange differences on translation of foreign operations		(28,562)	(5,906)
<b>Other comprehensive income for the period</b>		<b>895,366</b>	<b>697,180</b>
<b>TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD</b>		<b>1,874,397</b>	<b>1,472,528</b>
of which comprehensive income attributable to non-controlling interest		(159,073)	(125,578)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.</b>		<b>1,715,324</b>	<b>1,346,950</b>
			
Ebrahim Mohamed Ali Zainal Chairman			
			
Yusuf Saleh Abdulla AlSaleh Vice Chairman			
			
Azzam Moutragi Group Chief Executive Officer			

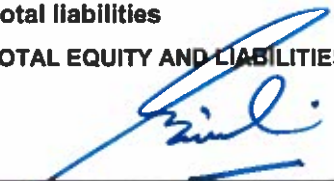
The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.


# Trafco Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022 (Reviewed)

	31 March 2022 (Reviewed) BD	31 December 2021 (Audited) BD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,053,054	9,185,005
Right-of-use assets	3,392,251	2,321,836
Investment in an associate	1,314,594	1,343,583
Investments at fair value through other comprehensive income	15,028,202	14,094,593
	<u>28,788,101</u>	<u>26,945,017</u>
<b>Current assets</b>		
Inventories	9,366,072	8,455,712
Trade and other receivables	9,886,035	8,694,895
Cash, bank balances and short-term deposits	3,159,989	3,534,812
	<u>22,412,096</u>	<u>20,685,419</u>
<b>TOTAL ASSETS</b>	<u><u>51,200,197</u></u>	<u><u>47,630,436</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	8,067,505	8,067,505
Treasury shares	(1,706,644)	(1,706,644)
Share premium	3,386,502	3,386,502
Reserves	18,406,806	17,730,248
<b>Equity attributable to shareholders of Trafco B.S.C.</b>	<u>28,154,169</u>	<u>27,477,611</u>
Non-controlling interests	4,819,124	4,660,051
<b>Total equity</b>	<u>32,973,293</u>	<u>32,137,662</u>
<b>Non-current liabilities</b>		
Lease liabilities	3,171,715	2,099,615
Employees' end of service benefits	1,458,625	1,464,015
Term loans	540,852	593,428
Government grant	44,642	44,642
	<u>5,215,834</u>	<u>4,201,700</u>
<b>Current liabilities</b>		
Trade and other payables	6,902,698	6,892,595
Import loans	4,475,173	3,429,810
Bank overdrafts	731,799	136,564
Lease liabilities	381,829	352,701
Contract and refund liabilities	308,285	229,124
Term loans	205,788	202,709
Retentions payable	1,831	43,904
Government grant	3,667	3,667
	<u>13,011,070</u>	<u>11,291,074</u>
<b>Total liabilities</b>	<u>18,226,904</u>	<u>15,492,774</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>51,200,197</u></u>	<u><u>47,630,436</u></u>

  
Ebrahim Mohamed Ali Zainal  
Chairman

  
Yusuf Saleh Abdulla AlSaleh  
Vice Chairman

  
Azzam Moutragi  
Group Chief Executive Officer

The attached notes 1 to 14 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 2022 (Reviewed)

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<b>2022</b>	2021
	<b>BD</b>	<b>BD</b>
<b>OPERATING ACTIVITIES</b>		
Profit of the Group for the period	979,031	775,348
Adjustments for:		
Investment income	(624,043)	(563,932)
Depreciation of property, plant and equipment	258,911	269,285
Depreciation of right-of-use assets	103,127	102,047
Finance costs	35,064	31,951
Finance costs on lease liabilities	45,893	32,742
Provision for employees' end of service benefits	45,263	60,111
Share of results of an associate	29,295	45,896
Provision for slow moving and obsolete of inventories	15,166	13,452
Allowance for expected credit losses	23,084	1,572
Gain on termination of lease agreement	-	(2,076)
Amortisation of government grant	-	(917)
Gain on disposals of property, plant and equipment	(5,538)	(3,631)
Operating profit before changes in working capital	<b>905,253</b>	761,848
Working capital changes:		
Inventories	(925,526)	642,508
Trade and other receivables	(886,417)	(1,394,833)
Trade and other payables	(942,169)	(388,284)
Contract and refund liabilities	79,161	94,284
Net cash used in operations	<b>(1,769,698)</b>	(284,477)
Directors' remuneration paid	(92,250)	(92,250)
Employees' end of service benefits paid	(50,653)	(28,056)
Net cash flows used in operating activities	<b>(1,912,601)</b>	(404,783)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(126,960)	(37,912)
Proceeds from disposals of property, plant and equipment	5,538	4,149
Proceeds from disposals of investments at fair value through other comprehensive income	-	29,918
Purchase of investments at fair value through other comprehensive income	(9,989)	(482,336)
Dividends and interest received	296,236	299,910
Retentions paid	(42,073)	-
Short-term deposits with original maturities of more than three months	594,238	129,055
Net cash flows from (used in) investing activities	<b>716,990</b>	(57,216)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	(61)
Net movements in import loans	1,045,363	44,241
Finance costs paid	(29,308)	(31,162)
Net movements in term loans	(49,497)	(46,822)
Payment of principal portion of lease liabilities	(72,313)	(89,415)
Finance costs paid on lease liabilities	(45,893)	(32,742)
Net cash flows from (used in) financing activities	<b>848,352</b>	(155,961)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(347,259)</b>	(617,960)
Foreign currency translation adjustments - net	(28,562)	(5,906)
Cash and cash equivalents at 1 January	1,167,893	371,774
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH (A)</b>	<b>792,072</b>	(252,092)

The attached notes 1 to 14 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 2022 (Reviewed)

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

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<b>2022</b>	<i>2021</i>
	<b>BD</b>	<i>BD</i>
Cash, bank balances and short-term deposits	<b>3,159,989</b>	3,544,186
Less: Bank overdrafts	<b>(731,799)</b>	(1,324,867)
Less: Short-term deposits with original maturities of more than three months	<b>(1,636,118)</b>	(2,471,411)
	<b>792,072</b>	(252,092)

# Trafco Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2022 (Reviewed)

	Attributable to Trafco's shareholders													Non-controlling interests BD	Total equity BD
	Share capital BD	Treasury shares BD	Share premium BD	Reserves							Proposed appropriations BD	Total reserves BD	Total Trafco's shareholders BD		
				Statutory reserve BD	General reserve BD	Fair value reserves BD	Foreign currency reserves BD	Retained earnings - distributable BD	Retained earnings not-distributable BD						
Balance at 1 January 2022	8,067,505	(1,706,644)	3,386,502	4,033,753	1,515,000	6,976,287	(19,157)	3,638,863	496,736	1,088,766	17,730,248	27,477,611	4,660,051	32,137,662	
Profit for the period	-	-	-	-	-	-	-	815,274	-	-	815,274	815,274	163,757	979,031	
Other comprehensive income (loss) for the period	-	-	-	-	-	914,617	(14,567)	-	-	-	900,050	900,050	(4,684)	895,366	
Total comprehensive income (loss) for the period	-	-	-	-	-	914,617	(14,567)	815,274	-	-	1,715,324	1,715,324	159,073	1,874,397	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,038,766)	(1,038,766)	(1,038,766)	-	(1,038,766)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
<b>Balance at 31 March 2022</b>	<b>8,067,505</b>	<b>(1,706,644)</b>	<b>3,386,502</b>	<b>4,033,753</b>	<b>1,565,000</b>	<b>7,890,904</b>	<b>(33,724)</b>	<b>4,454,137</b>	<b>496,736</b>	<b>-</b>	<b>18,406,806</b>	<b>28,154,169</b>	<b>4,819,124</b>	<b>32,973,293</b>	

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

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

## 1 CORPORATE INFORMATION

Trafco Group B.S.C. ('the Company' or 'Trafco') is a public joint stock company, the shares of which are listed and publicly traded on Bahrain Bourse. The Company was incorporated in the Kingdom of Bahrain by Amiri Decree No. 10 of November 1977. The Company operates in accordance with the provisions of the Bahrain Commercial Companies Law under commercial registration (CR) number 8500 issued by the Ministry of Industry, Commerce and Tourism. The Company's registered office is situated at Building 117, Raod 42, Block 343, Mina Salman Industrial Area, Kingdom of Bahrain. The Company's principal activity is trading in food products.

The Group comprises of the Company and its subsidiaries. The details of Company's subsidiaries and an associate are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 9 May 2022.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual 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 2021. In addition, results for the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

### New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the new and amended standards and interpretations effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendment applies for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;*
- *Reference to the Conceptual Framework – Amendments to IFRS 3;*
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;*
- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;*
- *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;*  
*and*
- *IAS 41 Agriculture – Taxation in fair value measurements.*



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Reviewed)

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The significant accounting judgements and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

**4 REVENUE**

The following table presents the disaggregation of the Group's revenue for the three-month periods ended 31 March 2022 and 31 March 2021:

	<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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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>
<b><i>Types of revenue</i></b>												
Sale of goods	<b>4,213,078</b>	4,250,476	<b>310,118</b>	288,048	<b>4,636,579</b>	3,857,931	<b>550,580</b>	435,625	-	-	<b>9,710,355</b>	8,832,080
Rendering of services	-	-	-	-	-	-	-	-	<b>179,650</b>	168,800	<b>179,650</b>	168,800
	<b>4,213,078</b>	4,250,476	<b>310,118</b>	288,048	<b>4,636,579</b>	3,857,931	<b>550,580</b>	435,625	<b>179,650</b>	168,800	<b>9,890,005</b>	9,000,880
<b><i>Geographic markets</i></b>												
Bahrain	<b>4,213,078</b>	4,250,476	<b>310,118</b>	288,048	<b>3,433,252</b>	2,793,447	<b>550,580</b>	435,625	<b>179,650</b>	168,800	<b>8,686,678</b>	7,936,396
Kuwait and other countries	-	-	-	-	<b>1,203,327</b>	1,064,484	-	-	-	-	<b>1,203,327</b>	1,064,484
	<b>4,213,078</b>	4,250,476	<b>310,118</b>	288,048	<b>4,636,579</b>	3,857,931	<b>550,580</b>	435,625	<b>179,650</b>	168,800	<b>9,890,005</b>	9,000,880
<b><i>Timing of revenue recognition</i></b>												
At a point in time	<b>4,213,078</b>	4,250,476	<b>310,118</b>	288,048	<b>4,636,579</b>	3,857,931	<b>550,580</b>	435,625	-	-	<b>9,710,355</b>	8,832,080
Over the time	-	-	-	-	-	-	-	-	<b>179,650</b>	168,800	<b>179,650</b>	168,800
	<b>4,213,078</b>	4,250,476	<b>310,118</b>	288,048	<b>4,636,579</b>	3,857,931	<b>550,580</b>	435,625	<b>179,650</b>	168,800	<b>9,890,005</b>	9,000,880

# Trafco Group B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Reviewed)

### 5 SEASONALITY OF RESULTS

Investment income for the three-month period ended 31 March 2022 amounting to BD 624,043 (2021: BD 563,932) is of seasonal nature.

### 6 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of Trafco Group B.S.C. 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:

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

	<i>Three-month period ended 31 March (Reviewed)</i>	
	<b>2022</b>	2021
Profit for the period attributable to shareholders of Trafco – (BD)	<b>815,274</b>	645,866
Weighted average number of shares, net of treasury shares	<b>74,197,577</b>	74,424,401
Basic and diluted earnings per share (fils)	<b>11</b>	9

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

### 7 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Group as at 31 March 2022 and 31 December 2021:

<i>Financial assets</i>	<i>Fair value through other comprehensive income</i>		<i>Total BD</i>
	<i>Amortised cost BD</i>	<i>BD</i>	
<b><i>At 31 March 2022 (Reviewed)</i></b>			
Investments at fair value through other comprehensive income	-	<b>15,028,202</b>	<b>15,028,202</b>
Trade and other receivables	<b>9,886,035</b>	-	<b>9,886,035</b>
Cash, bank balances and short-term deposits	<b>3,159,989</b>	-	<b>3,159,989</b>
	<b>13,046,024</b>	<b>15,028,202</b>	<b>28,074,226</b>
<i>Financial assets</i>	<i>Fair value through other comprehensive income</i>		<i>Total BD</i>
	<i>Amortised cost BD</i>	<i>BD</i>	
<b><i>At 31 December 2021 (Audited)</i></b>			
Investments at fair value through other comprehensive income	-	14,094,593	14,094,593
Trade and other receivables	8,694,895	-	8,694,895
Cash, bank balances and short-term deposits	3,534,812	-	3,534,812
	<b>12,229,707</b>	<b>14,094,593</b>	<b>26,324,300</b>

**7 FINANCIAL INSTRUMENTS (continued)**

	<b>31 March 2022 (Reviewed) BD</b>	<i>31 December 2021 (Audited) BD</i>
<b><i>Financial liabilities at amortised cost</i></b>		
Trade and other payables	<b>6,902,698</b>	6,892,595
Import loans	<b>4,475,173</b>	3,429,810
Lease liabilities	<b>3,553,544</b>	2,452,316
Bank overdrafts	<b>731,799</b>	136,564
Term loans	<b>746,640</b>	796,137
Retentions payable	<b>1,831</b>	43,904
	<b>16,411,685</b>	13,751,326

**8 FAIR VALUE MEASUREMENT**

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

**Fair value of financial instruments**

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

- a) Bank balances and cash, short term deposits, bank overdrafts, trade and other receivables, retentions payable and trade and other payables approximate their carrying amounts largely due to the short-term maturities.
- b) Term loans, import loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. As at 31 March 2022 and as at 31 December 2021, the carrying amounts are not materially different from their fair values; and
- c) Fair value of quoted equity investments and quoted debt instruments is derived from quoted market prices in active markets or in the case of unquoted investments at fair value through other comprehensive income using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

The fair values of financial assets and liabilities are not materially different from their carrying values as at 31 March 2022 and as at 31 December 2021.

**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 2022 and as at 31 December 2021.

**Fair value hierarchy**

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

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

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

**8 FAIR VALUE MEASUREMENT (continued)**

**Fair value hierarchy (continued)**

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

	31 March 2022 (Reviewed)			Total BD
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	BD	BD	BD	
<b>Assets measured at fair value</b>				
<i>Investments at fair value through other comprehensive income:</i>				
- Quoted equity investments	9,813,507	-	-	9,813,507
- Unquoted equity investments	-	-	5,028,348	5,028,348
- Quoted debt instruments	186,347	-	-	186,347
	<b>9,999,854</b>	<b>-</b>	<b>5,028,348</b>	<b>15,028,202</b>
	31 December 2021 (Audited)			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	BD	BD	BD	Total BD
<i>Assets measured at fair value</i>				
<i>Investments at fair value through other comprehensive income:</i>				
- Quoted equity investments	9,374,733	-	-	9,374,733
- Unquoted equity investments	-	-	4,533,513	4,533,513
- Quoted debt instruments	186,347	-	-	186,347
	<b>9,561,080</b>	<b>-</b>	<b>4,533,513</b>	<b>14,094,593</b>

**Liabilities measured at fair value:**

There were no liabilities measured at fair value as of 31 March 2022 and as of 31 December 2021.

During the three-month period ended 31 March 2022 and year ended 31 December 2021, 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.

**Reconciliation of fair value measurement of Level 3 assets**

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

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

	31 March 2022 (Reviewed) BD	31 December 2021 (Audited) BD
At beginning of the period / year	4,533,513	4,594,232
Purchases during the period/ year	-	447,142
Net changes in fair value	494,835	(507,861)
At end of the period / year	<b>5,028,348</b>	<b>4,533,513</b>

## 9 DIVIDENDS

At the annual general meeting of the shareholders held on 30 March 2022, a final cash dividend of 14 fils per share, excluding treasury shares, totalling BD 1,038,766 for the year ended 31 December 2021 was declared. (31 March 2021: At the annual general meeting of the shareholders held on 29 March 2021, a final cash dividend of 15 fils per share, excluding treasury shares, totalling BD 1,116,366 for the year ended 31 December 2020 was declared). Dividends payable are included within 'Trade and other payables' in the interim consolidated statement of financial position as at 31 March 2022 and as at 31 December 2021.

## 10 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments of BD 57,401 as of 31 March 2022 [31 December 2021: BD 75,351 (Audited)].

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 2022 amounted to BD 837,893 [31 December 2021: BD 841,893 (Audited)].

## 11 SEGMENT REPORTING

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

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

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

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

Transfer prices between operating segments are set in a manner similar to transactions with third parties.

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

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

**11 SEGMENT REPORTING (continued)**

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

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

Revenue for the three-month period ended 31 March 2022 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,203,327 (2021: BD 1,064,484) and profit /(loss) for the three-month period ended 31 March 2022 amounted to BD 17,000 (2021: (BD 44,215)). The remaining revenue and profit for the three-month period is generated from the primary geographical segment in the Kingdom of Bahrain.

At 31 March 2022, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,197,932 [31 December 2021: BD 1,996,801 (Audited)] and total liabilities amounted to BD 2,064,490 [31 December 2021: BD 1,863,360 (Audited)]. All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Reviewed)

11 SEGMENT REPORTING (continued)

Three-month period ended 31 March 2022 (Reviewed)

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2022 and 31 March 2021:

	Wholesale operations		Retail operations		Investments		Dairy products and beverages		Fruits and vegetables		Storage and logistics		Adjustments and eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Revenue - third parties	4,213,078	4,250,476	310,118	288,048	-	-	4,636,579	3,857,931	550,580	435,625	179,650	168,800	-	-	9,890,005	9,000,880
Revenue - inter segments	-	195,621	198	293	-	-	20,022	22,890	6,880	16,379	46,043	32,344	(73,143)	(267,527)	-	-
Total revenue	4,213,078	4,446,097	310,316	288,341	-	-	4,656,601	3,880,821	557,460	452,004	225,693	201,144	(73,143)	(267,527)	9,890,005	9,000,880
Costs of revenue (excluding depreciation)	(3,548,561)	(3,808,221)	(262,659)	(245,118)	-	-	(3,445,213)	(2,731,369)	(463,781)	(371,836)	(64,293)	(50,763)	36,171	230,108	(7,748,336)	(6,977,199)
Gross profit	664,517	637,876	47,657	43,223	-	-	1,211,388	1,149,452	93,679	80,168	161,400	150,381	(36,972)	(37,419)	2,141,669	2,023,681
Other operating income	2,273	4,049	449	506	-	-	11,414	13,062	14,350	15,845	2,528	4,490	(9,818)	(2,100)	21,196	35,852
Other expenses (excluding depreciation)	(474,068)	(531,370)	(23,127)	(29,854)	-	-	(766,022)	(719,759)	(69,641)	(79,880)	(18,861)	(20,904)	3,586	7,654	(1,348,133)	(1,374,113)
Depreciation on property, plant and equipment	(32,338)	(35,180)	(4,010)	(4,764)	-	-	(128,706)	(136,592)	(12,209)	(12,612)	(77,521)	(76,010)	(4,127)	(4,127)	(258,911)	(269,285)
Depreciation on right-of-use of assets	(26,070)	(27,646)	(11,845)	(11,274)	-	-	(69,268)	(67,982)	(4,923)	(4,821)	(8,869)	(9,559)	17,848	19,235	(103,127)	(102,047)
Profit (Loss) from operations	134,314	47,729	9,124	(2,163)	-	-	258,806	238,181	21,256	(1,300)	58,677	48,398	(29,483)	(16,757)	452,694	314,088
Investment income - net (including share of results of an associate)	-	-	-	4,642	740,425	643,224	57,173	40,552	-	-	-	-	(202,850)	(170,382)	594,748	518,036
Finance costs	(26,539)	(24,946)	(1,498)	(906)	-	-	(813)	(142)	(6,214)	(6,231)	(14,019)	(18,234)	14,019	18,508	(35,064)	(31,951)
Finance costs on lease liabilities	(28,801)	(16,014)	(268)	(786)	-	-	(25,208)	(20,141)	(4,370)	(2,155)	(12,601)	(6,276)	25,355	12,630	(45,893)	(32,742)
Foreign exchange gains, net	-	-	-	-	-	-	12,546	7,917	-	-	-	-	-	-	12,546	7,917
Profit (Loss) for the period	78,974	6,769	7,358	787	740,425	643,224	302,504	266,367	10,672	(9,686)	32,057	23,888	(192,959)	(156,001)	979,031	775,348
Capital expenditure	26,944	1,047	-	4,787	-	-	93,162	24,838	-	7,240	6,854	-	-	-	126,960	37,912

The following table presents the details of segmental assets and liabilities as at 31 March 2022 and 31 December 2021:

	Wholesale operations		Retail operations		Investments		Dairy products and beverages		Fruits and vegetables		Storage and logistics		Adjustments and eliminations		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD	(Reviewed) BD	(Audited) BD
Assets	15,885,612	12,712,944	421,032	418,976	23,088,253	22,661,896	16,876,828	16,998,205	2,099,987	1,635,811	4,014,142	3,494,102	(11,185,657)	(10,291,498)	51,200,197	47,630,436
Liabilities	11,095,081	8,176,737	421,032	418,976	-	-	6,124,305	6,538,629	1,495,285	1,037,652	2,344,557	1,856,573	(3,253,356)	(2,535,793)	18,226,904	15,492,774

**12 RELATED PARTY TRANSACTIONS AND BALANCES**

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

Transactions with related parties included in the interim consolidated statement of profit or loss and other comprehensive income for the three-month periods ended 31 March 2022 and 31 March 2021 respectively, are as follows:

	<i>Three-month period ended 31 March 2022</i>			
	<i>Revenue BD</i>	<i>Costs of revenue BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies	5,451	-	-	520
Companies with common directors	112,383	430,892	377,380	43,685
	<b>117,834</b>	<b>430,892</b>	<b>377,380</b>	<b>44,205</b>
	<i>Three-month period ended 31 March 2021</i>			
	<i>Revenue BD</i>	<i>Costs of revenue BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies	12,146	2,511	4,913	-
Companies with common directors	91,799	167,768	347,766	46,813
	<b>103,945</b>	<b>170,279</b>	<b>352,679</b>	<b>46,813</b>

Balances with related parties included in the interim consolidated statement of financial position as at 31 March 2022 and as at 31 December 2021, are as follows:

	<i>At 31 March 2022 (Reviewed)</i>		<i>At 31 December 2021 (Audited)</i>	
	<i>Due from BD</i>	<i>Due to BD</i>	<i>Due from BD</i>	<i>Due to BD</i>
Associated companies	5,506	-	6,546	-
Companies with common directors	148,452	260,328	128,549	323,424
	<b>153,958</b>	<b>260,328</b>	<b>135,095</b>	<b>323,424</b>

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

**Terms and conditions**

Transactions are made at prices agreed mutually with the related parties. Outstanding balances at the period-end and year-end arose in the normal course of business are unsecured, interest free and settlement occurs in cash.



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

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

	<i>Three-month period ended</i>	
	<i>31 March (Reviewed)</i>	
	<b>2022</b>	2021
	<b>BD</b>	BD
Short-term benefits	<b>84,490</b>	106,954
Employees' end of service benefits	<b>2,168</b>	3,026
	<b>86,658</b>	109,980

**13 SUBSEQUENT EVENTS**

As reported in the Bahrain Bourse, on 10 March 2022 the Group announced its intention to acquire all of the shares of Bahrain Livestock Company ("BLSC"). On 20 April 2022, the Group's Board of Directors approved the transaction to acquire remaining stake in BLSC for BD 1,657,240. The Group has initiated the process for transfer of ownership and other legal formalities.

**14 COMPARATIVES**

Certain corresponding figures have been reclassified in order to conform to the presentation for the current period. Such reclassification do not affect previously reported profit or the Group's equity.