

Trafco Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2023 (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 condensed consolidated financial statements of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as at 30 June 2023, comprising of the interim consolidated statement of financial position as at 30 June 2023 and the related interim consolidated statement of profit or loss and other comprehensive income for the three and six-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the six-month period then ended and explanatory notes. The Board of Directors of the Company 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
10 August 2023
Manama, Kingdom of Bahrain

Trafco Group B.S.C.

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

For the period ended 30 June 2023 (Reviewed)

	Notes	Three-month period ended		Six-month period ended	
		30 June		30 June	
		2023	2022	2023	2022
		BD	BD	BD	BD
Revenue from contracts with customers	4	11,538,964	9,787,100	23,608,781	19,677,105
Costs of revenue		(9,239,193)	(7,739,110)	(19,145,576)	(15,667,342)
GROSS PROFIT		2,299,771	2,047,990	4,463,205	4,009,763
Other operating income		30,789	23,313	84,956	44,509
Personnel costs		(1,114,284)	(947,190)	(2,161,578)	(1,831,608)
General and administration expenses		(282,351)	(241,759)	(557,243)	(434,695)
Selling and distribution expenses		(283,998)	(273,886)	(536,910)	(544,665)
Depreciation on property, plant and equipment		(99,764)	(104,278)	(201,089)	(213,748)
Depreciation on right-of-use assets		(53,502)	(80,373)	(102,938)	(153,045)
PROFIT FROM OPERATIONS		496,661	423,817	988,403	876,511
Investment income	5	341,378	29,099	1,075,709	653,142
Other income		-	231,672	-	231,672
Share of results of an associate		-	(109,024)	-	(138,319)
Finance costs		(124,840)	(49,909)	(235,357)	(84,973)
Finance costs on lease liabilities		(49,240)	(48,278)	(97,006)	(94,171)
Foreign exchange gains, net		20,812	11,530	33,958	24,076
PROFIT OF THE GROUP FOR THE PERIOD		684,771	488,907	1,765,707	1,467,938
of which profit attributable to non-controlling interests		(183,873)	(149,489)	(384,626)	(313,246)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		500,898	339,418	1,381,081	1,154,692
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	6	7	5	19	16
OTHER COMPREHENSIVE INCOME (LOSS)					
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
- Gain on disposals of investment at fair value through other comprehensive income		57,816	-	107,888	-
- Net change in fair value of investment through other comprehensive income		(26,798)	(57,419)	199,133	866,203
- Share of associate's other comprehensive loss		-	(11,370)	-	(11,064)
		31,018	(68,789)	307,021	855,139
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
- Exchange differences on translation of foreign operations		(5,978)	(26,672)	(1,720)	(55,234)
Other comprehensive income (loss) for the period		25,040	(95,461)	305,301	799,905
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD		709,811	393,446	2,071,008	2,267,843
of which attributable to non-controlling interests		(175,714)	(129,092)	(389,222)	(288,165)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		534,097	264,354	1,681,786	1,979,678

Ebrahim Mohamed Ali Zainal

Chairman

Dr. Esam Abdulla Yousif Fakhre

Director & Executive Committee Member

Azzam Moutragi

Group Chief Executive Officer

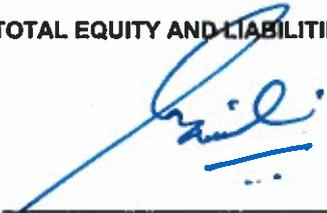
The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 (Reviewed)

	30 June 2023 (Reviewed) BD	31 December 2022 (Audited) BD
ASSETS		
Non-current assets		
Property, plant and equipment	9,357,299	9,273,189
Right-of-use assets	3,343,871	3,699,121
Investment at fair value through other comprehensive income	14,982,724	14,998,073
	<u>27,683,894</u>	<u>27,970,383</u>
Current assets		
Inventories	10,760,247	10,547,968
Trade and other receivables	12,331,558	10,574,155
Cash, bank balances and short-term deposits	3,368,706	3,693,128
	<u>26,460,511</u>	<u>24,815,251</u>
TOTAL ASSETS	<u><u>54,144,405</u></u>	<u><u>52,785,634</u></u>
EQUITY AND LIABILITIES		
Equity		
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	19,176,835	18,607,893
Equity attributable to shareholders of Trafco Group B.S.C.	<u>28,924,198</u>	<u>28,355,256</u>
Non-controlling interests	5,308,660	4,919,438
Total equity	<u>34,232,858</u>	<u>33,274,694</u>
Non-current liabilities		
Lease liabilities	3,042,190	3,389,399
Employees' end of service benefits	1,544,336	1,531,760
Term loans	2,269,770	1,546,485
Government grant	40,965	40,965
	<u>6,897,261</u>	<u>6,508,609</u>
Current liabilities		
Trade and other payables	6,256,187	7,298,611
Import loans	3,659,151	3,759,063
Lease liabilities	509,707	545,450
Contract and refund liabilities	358,721	295,986
Bank overdrafts	1,417,535	550,420
Term loans	809,318	549,134
Government grant	3,667	3,667
	<u>13,014,286</u>	<u>13,002,331</u>
Total liabilities	<u>19,911,547</u>	<u>19,510,940</u>
TOTAL EQUITY AND LIABILITIES	<u><u>54,144,405</u></u>	<u><u>52,785,634</u></u>


Ebrahim Mohamed Ali Zainal

Chairman


Dr. Esam Abdulla Yousif Fakhro
Director & Executive Committee
Member


Azzam Moutragi
Group Chief Executive Officer

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

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023 (Reviewed)

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	2023	2022
	BD	BD
OPERATING ACTIVITIES		
Profit of the Group for the period	1,765,707	1,467,938
Adjustments for:		
Investment income	(1,075,709)	(653,142)
Depreciation on property, plant and equipment	489,522	513,536
Depreciation on right-of-use assets	202,865	205,710
Finance costs	235,357	84,973
Other income	-	(231,672)
Finance costs on lease liabilities	97,006	94,171
Provision for employees' end of service benefits	104,282	89,067
Share of results of an associate	-	138,319
Provision for slow moving and obsolete of inventories	30,152	53,357
Allowance for expected credit losses	64,055	6,304
Gain on disposals of property, plant and equipment	(12,288)	(5,293)
Operating profit before changes in working capital	1,900,949	1,763,268
Working capital changes:		
Inventories	(242,431)	(1,285,843)
Trade and other receivables	(1,821,458)	(358,171)
Trade and other payables	(1,053,463)	471,752
Contract and refund liabilities	62,735	107,173
Net cash (used in) generated from operations	(1,153,668)	698,179
Employees' end of service benefits paid	(91,706)	(111,795)
Net cash flows (used in) generated from operating activities	(1,245,374)	586,384
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(575,928)	(298,783)
Proceeds from disposals of property, plant and equipment	14,584	16,493
Proceeds from disposals of investment at fair value		
through other comprehensive income	344,581	-
Purchase of investment at fair value through other comprehensive income	(22,211)	(159,388)
Dividends and interest received	1,075,709	653,142
Acquisition of associate	-	(200,951)
Net cash flows generated from investing activities	836,735	10,513
FINANCING ACTIVITIES		
Dividends paid	(1,112,844)	(1,038,654)
Term loans availed	1,300,000	-
Repayment of term loan	(316,531)	(99,833)
Import loans availed	6,465,801	5,404,315
Repayment of import loan	(6,565,713)	(4,766,791)
Finance costs paid on loans	(224,318)	(69,010)
Payment of principal portion of lease liabilities	(230,567)	(216,913)
Finance costs paid on lease liabilities	(97,006)	(94,171)
Net cash flows used in financing activities	(781,178)	(881,057)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,189,817)	(284,160)
Foreign currency translation adjustments - net	(1,720)	(55,234)
Cash and cash equivalents at 1 January	3,142,708	3,398,248
CASH AND CASH EQUIVALENTS AT 30 JUNE (A)	1,951,171	3,058,854

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

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period ended 30 June 2023 (Reviewed)

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

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	2023	2022
	BD	BD
Cash, bank balances and short-term deposits	3,368,706	3,843,582
Less: Bank overdrafts	(1,417,535)	(784,728)
	1,951,171	3,058,854

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023 (Reviewed)

	Attributable to shareholders of Trafco Group B.S.C.													Non-controlling interests BD	Total equity BD
	Reserves											Total Trafco's shareholders BD			
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserves BD	Foreign currency reserves BD	Retained earnings - distributable BD	Retained earnings non-distributable BD	Proposed appropriations BD	Total reserves BD				
Balance at 1 January 2023	8,067,505	(1,706,644)	3,386,502	4,033,753	1,565,000	7,339,975	(38,048)	4,047,633	496,736	1,162,844	18,607,893	28,355,256	4,919,438	33,274,694	
Profit for the period	-	-	-	-	-	-	-	1,381,081	-	-	1,381,081	1,381,081	384,626	1,765,707	
Other comprehensive income (loss) for the period	-	-	-	-	-	301,582	(877)	-	-	-	300,705	300,705	4,596	305,301	
Total comprehensive income (loss) for the period	-	-	-	-	-	301,582	(877)	1,381,081	-	-	1,681,786	1,681,786	389,222	2,071,008	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,112,844)	(1,112,844)	(1,112,844)	-	(1,112,844)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Gain on disposal of investment at fair value other comprehensive income	-	-	-	-	-	(107,888)	-	107,888	-	-	-	-	-	-	
Balance at 30 June 2023	8,067,505	(1,706,644)	3,386,502	4,033,753	1,615,000	7,533,669	(38,925)	5,536,602	496,736	-	19,176,835	28,924,198	5,308,660	34,232,858	

	Attributable to shareholders of Trafco Group B.S.C.													Non-controlling interests BD	Total equity BD
	Reserves											Total Trafco's shareholders BD			
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserves BD	Foreign currency reserves BD	Retained earnings - distributable BD	Retained earnings non-distributable BD	Proposed appropriations BD	Total reserves 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	-	-	-	-	-	-	-	1,154,692	-	-	1,154,692	1,154,692	313,246	1,467,938	
Other comprehensive income (loss) for the period	-	-	-	-	-	853,155	(28,169)	-	-	-	824,986	824,986	(25,081)	799,905	
Total comprehensive income (loss) for the period	-	-	-	-	-	853,155	(28,169)	1,154,692	-	-	1,979,678	1,979,678	288,165	2,267,843	
Deemed disposal of associate	-	-	-	-	-	41,546	-	-	-	-	41,546	41,546	-	41,546	
Dividends (note 9)	-	-	-	-	-	-	-	112	-	(1,038,766)	(1,038,654)	(1,038,654)	-	(1,038,654)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Balance at 30 June 2022	8,067,505	(1,706,644)	3,386,502	4,033,753	1,565,000	7,870,988	(47,326)	4,793,667	496,736	-	18,712,818	28,460,181	4,948,216	33,408,397	

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 and Commerce on 9 April 1978. The Company's registered office is situated at Building 117, Road 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 2022.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 10 August 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2023 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 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 2022. In addition, results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the new and amended standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- *IFRS 17 Insurance contracts;*
- *Definition of Accounting Estimates - Amendments to IAS 8;*
- *Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2; and*
- *Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12.*

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 2022.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

4 REVENUE

The following table presents the disaggregation of the Group's revenue for the three-month periods ended 30 June 2023 and 30 June 2022:

	<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>Livestock*</i>		<i>Total</i>	
	2023	<i>2022</i>	2023	<i>2022</i>	2023	<i>2022</i>	2023	<i>2022</i>	2023	<i>2022</i>	2023	<i>2022</i>	2023	<i>2022</i>
	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>	BD	<i>BD</i>
<i>Types of revenue</i>														
Sale of goods	3,325,688	3,600,542	281,846	316,119	5,747,442	4,935,538	546,875	560,104	-	-	1,471,144	210,816	11,372,995	9,623,119
Rendering of services	-	-	-	-	-	-	-	-	165,969	163,981	-	-	165,969	163,981
	3,325,688	3,600,542	281,846	316,119	5,747,442	4,935,538	546,875	560,104	165,969	163,981	1,471,144	210,816	11,538,964	9,787,100
<i>Geographic markets</i>														
Bahrain	3,325,688	3,600,542	281,846	316,119	4,323,779	3,703,152	546,875	560,104	165,969	163,981	1,471,144	210,816	10,115,301	8,554,714
Kuwait and other countries	-	-	-	-	1,423,663	1,232,386	-	-	-	-	-	-	1,423,663	1,232,386
	3,325,688	3,600,542	281,846	316,119	5,747,442	4,935,538	546,875	560,104	165,969	163,981	1,471,144	210,816	11,538,964	9,787,100
<i>Timing of revenue recognition</i>														
At a point in time	3,325,688	3,600,542	281,846	316,119	5,747,442	4,935,538	546,875	560,104	-	-	1,471,144	210,816	11,372,995	9,623,119
Over the time	-	-	-	-	-	-	-	-	165,969	163,981	-	-	165,969	163,981
	3,325,688	3,600,542	281,846	316,119	5,747,442	4,935,538	546,875	560,104	165,969	163,981	1,471,144	210,816	11,538,964	9,787,100

* New segment as a result of acquisition of Bahrain Livestock Company B.S.C. (c) during second quarter of 2022.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

4 REVENUE (continued)

The following table presents the disaggregation of the Group's revenue for the six-month periods ended 30 June 2023 and 30 June 2022:

	<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>Livestock*</i>		<i>Total</i>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Types of revenue														
Sale of goods	7,507,774	7,813,620	556,122	626,237	11,231,427	9,572,117	1,046,067	1,110,684	-	-	2,935,835	210,816	23,277,225	19,333,474
Rendering of services	-	-	-	-	-	-	-	-	331,556	343,631	-	-	331,556	343,631
	7,507,774	7,813,620	556,122	626,237	11,231,427	9,572,117	1,046,067	1,110,684	331,556	343,631	2,935,835	210,816	23,608,781	19,677,105
Geographic markets														
Bahrain	7,507,774	7,813,620	556,122	626,237	8,494,096	7,136,404	1,046,067	1,110,684	331,556	343,631	2,935,835	210,816	20,871,450	17,241,392
Kuwait and other countries	-	-	-	-	2,737,331	2,435,713	-	-	-	-	-	-	2,737,331	2,435,713
	7,507,774	7,813,620	556,122	626,237	11,231,427	9,572,117	1,046,067	1,110,684	331,556	343,631	2,935,835	210,816	23,608,781	19,677,105
Timing of revenue recognition														
At a point in time	7,507,774	7,813,620	556,122	626,237	11,231,427	9,572,117	1,046,067	1,110,684	-	-	2,935,835	210,816	23,277,225	19,333,474
Over the time	-	-	-	-	-	-	-	-	331,556	343,631	-	-	331,556	343,631
	7,507,774	7,813,620	556,122	626,237	11,231,427	9,572,117	1,046,067	1,110,684	331,556	343,631	2,935,835	210,816	23,608,781	19,677,105

* New segment as a result of acquisition of Bahrain Livestock Company B.S.C. (c) during second quarter of 2022.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

5 SEASONALITY OF RESULTS

Investment income for the six-month period ended 30 June 2023 amounting to BD 1,075,709 [2022: BD 653,142(Reviewed)] 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 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:

	<i>Three-month period ended</i> <i>30 June (Reviewed)</i>		<i>Six-month period ended</i> <i>30 June (Reviewed)</i>	
	2023	2022	2023	2022
Profit for the period attributable to shareholders of TRAFCO Group BSC – (BD)	500,898	339,418	1,381,081	1,154,692
Weighted average number of shares, net of treasury shares	74,197,577	74,197,577	74,197,577	74,197,577
Basic and diluted earnings per share (BDS)	7	5	19	16

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 30 June 2023 and 31 December 2022:

<i>Financial assets</i>	<i>Fair value through other comprehensive income</i>		<i>Total</i>
	<i>Amortised cost</i>	<i>income</i>	
<i>At 30 June 2023 (Reviewed)</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Investments at fair value through other comprehensive income	-	14,982,724	14,982,724
Trade and other receivables	12,331,558	-	12,331,558
Cash, bank balances and short-term deposits	3,368,706	-	3,368,706
	15,700,264	14,982,724	30,682,988
		<i>Fair value through other comprehensive income</i>	
<i>Financial assets</i>	<i>Amortised cost</i>	<i>income</i>	<i>Total</i>
<i>At 31 December 2022 (Audited)</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Investments at fair value through other comprehensive income	-	14,998,073	14,998,073
Trade and other receivables	10,574,155	-	10,574,155
Cash, bank balances and short-term deposits	3,693,128	-	3,693,128
	14,267,283	14,998,073	29,265,356

7 FINANCIAL INSTRUMENTS (continued)

	30 June 2023 (Reviewed) BD	<i>31 December 2022 (Audited) BD</i>
Financial liabilities at amortised cost		
Trade and other payables	6,256,187	7,298,611
Import loans	3,659,151	3,759,063
Lease liabilities	3,551,897	3,934,849
Bank overdrafts	1,417,535	550,420
Term loans	3,079,088	2,095,619
	17,963,858	17,638,562

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) Cash, bank balances and short-term deposits, bank overdrafts, import loans, 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 and lease liabilities are evaluated by the Group based on parameters such as interest rates. As at 30 June 2023 and as at 31 December 2022, the carrying amounts are not materially different from their fair values; and
- c) Fair values of quoted equity investments and quoted debt instruments are derived from quoted market prices in active markets and in case of unquoted investment, fair values are provided by the investment managers or using 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 30 June 2023 and as at 31 December 2022.

Fair value of non-financial assets and liabilities

The Group does not have any non-financial assets or liabilities which have been remeasured at fair value as at 30 June 2023 and as at 31 December 2022.

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.

8 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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 fair value hierarchy of the Group's assets and liabilities:

	30 June 2023 (Reviewed)			Total BD
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	BD	BD	BD	
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income</i>				
- Quoted equity investments	9,825,210	-	-	9,825,210
- Unquoted equity investments	-	-	5,157,514	5,157,514
	9,825,210	-	5,157,514	14,982,724
	31 December 2022 (Audited)			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	BD	BD	BD	BD
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income</i>				
- Quoted equity investments	9,973,192	-	-	9,973,192
- Unquoted equity investments	-	-	4,838,534	4,838,534
- Quoted debt instruments	186,347	-	-	186,347
	10,159,539	-	4,838,534	14,998,073

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 30 June 2023 and as of 31 December 2022.

During the six-month period ended 30 June 2023 and year ended 31 December 2022, 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.

8 FAIR VALUE MEASUREMENT (continued)

Reconciliation of fair value measurement of Level 3 assets (continued)

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

	Six month period ended	Year ended
	30 June	31 December
	2023	2022
	(Reviewed)	(Audited)
	BD	BD
At beginning of the period / year	4,838,534	4,533,513
Change in fair values	318,980	305,021
At end of the period / year	5,157,514	4,838,534

9 DIVIDENDS

At the annual general meeting of the shareholders held on 30 March 2023, a final cash dividend of 15 fils per share, excluding treasury shares, totalling BD 1,112,844 for the year ended 31 December 2022 was declared. (30 June 2022: 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).

10 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments of BD 2,440,128 as of 30 June 2023 [31 December 2022 (Audited): BD 40,106].

Tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, outstanding as at 30 June 2023 amounted to BD 924,670 [31 December 2022 (Audited): BD 924,670].

11 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has seven 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.
Livestock	Import and sale of live animals, fresh, chilled and frozen meat and food service products.

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

11 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 set in a manner similar to transactions with third parties.

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

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

Segment liabilities include all operating liabilities and consist primarily of term loans, import loans, lease liabilities, employees' end of service benefits, contract and refund liabilities, 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 are 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 30 June 2023 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,423,663 (2022: BD 1,232,386) and profit for the three-month period ended 30 June 2023 amounted to BD 57,330 (2022: BD 12,534). The remaining revenue and profit for the three-month period then ended is generated from the primary geographical segment in the Kingdom of Bahrain.

Revenue for the six-month period ended 30 June 2023 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,737,331 (2022: BD 2,435,713) and profit for the six-month period ended 30 June 2023 amounted to BD 134,579 (2022: BD 29,534). The remaining revenue and profit for the six-month period is generated from the primary geographical segment in the Kingdom of Bahrain.

At 30 June 2023, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,284,933 [31 December 2022 (Audited): BD 2,333,816] and total liabilities amounted to BD 2,151,491 [31 December 2022 (Audited): BD 2,200,374]. 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 30 June 2023 (Reviewed)

11 SEGMENT REPORTING (continued)

Three-month period ended 30 June (Reviewed)

The following table presents the details of segmental operating results for the three-month periods ended 30 June 2023 and 30 June 2022:

	<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>Livestock*</i>		<i>Adjustments and eliminations</i>		<i>Total</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Revenue - third parties	3,325,688	3,600,542	281,846	316,119	-	-	5,747,442	4,935,538	546,875	560,104	165,969	163,981	1,471,144	210,816	-	-	11,538,964	9,787,100
Revenue - inter segments	10,046	370	-	214	-	-	17,100	6,909	19,190	-	47,135	48,187	-	14	(93,471)	(55,694)	-	-
Total revenue	3,335,734	3,600,912	281,846	316,333	-	-	5,764,542	4,942,447	566,065	560,104	213,104	212,168	1,471,144	210,830	(93,471)	(55,694)	11,538,964	9,787,100
Costs of revenue (excluding depreciation)	(2,832,807)	(2,951,964)	(237,842)	(256,980)	-	-	(4,263,639)	(3,677,084)	(487,034)	(444,574)	(53,827)	(52,524)	(1,220,260)	(193,869)	51,420	10,442	(9,043,989)	(7,566,553)
Gross profit	502,927	648,948	44,004	59,353	-	-	1,500,903	1,265,363	79,031	115,530	159,277	159,644	250,884	16,961	(42,051)	(45,252)	2,494,975	2,220,547
Other operating income	15,002	3,085	318	495	-	-	5,243	8,696	15,187	11,024	2,390	2,541	9,246	1,107	(16,597)	(3,635)	30,789	23,313
Other expenses (excluding depreciation)	(475,019)	(480,563)	(20,723)	(31,734)	-	-	(917,433)	(803,138)	(77,964)	(81,628)	(18,176)	(17,703)	(189,873)	(53,755)	18,555	5,686	(1,680,633)	(1,462,835)
Depreciation on property, plant and equipment	(31,059)	(32,531)	(630)	(3,533)	-	-	(121,583)	(122,457)	(10,279)	(12,193)	(75,799)	(77,378)	(1,529)	(2,406)	(4,127)	(4,127)	(245,006)	(254,625)
Depreciation on right-of-use assets	(27,517)	(26,127)	(7,756)	(8,410)	-	-	(68,443)	(71,376)	(3,930)	(4,922)	(8,868)	(8,869)	(1,777)	(724)	14,827	17,845	(103,464)	(102,583)
(Loss) profit from operations	(15,666)	112,812	15,213	16,171	-	-	398,687	277,088	2,045	27,811	58,824	58,235	66,951	(38,817)	(29,393)	(29,483)	496,661	423,817
Investment income - (including share of results from an associate)	-	-	-	-	639,585	64,141	17,075	18,289	-	-	-	-	5,249	3,100	(320,531)	(165,455)	341,378	(79,925)
Other income	-	231,672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	231,672
Finance costs	(89,878)	(36,195)	(924)	(1,026)	-	-	(17,892)	(4,886)	(12,031)	(7,012)	(11,888)	(14,037)	(4,431)	(791)	12,204	14,038	(124,840)	(49,909)
Finance costs on lease liabilities	(29,012)	(28,887)	(319)	(188)	-	-	(27,932)	(27,283)	(4,191)	(4,345)	(12,556)	(12,601)	(495)	(330)	25,265	25,356	(49,240)	(48,278)
Foreign exchange gains - net	-	-	-	-	-	-	20,812	11,530	-	-	-	-	-	-	-	-	20,812	11,530
(Loss) profit for the period	(134,556)	279,402	13,970	14,957	639,585	64,141	390,750	274,738	(14,177)	16,454	34,380	31,597	67,274	(36,838)	(312,455)	(155,544)	684,771	488,907

* New segment as a result of acquisition of Bahrain Livestock Company B.S.C. (c) during second quarter of 2022.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Reviewed)

11 SEGMENT REPORTING (continued)

Six-month period ended 30 June (Reviewed)

The following table presents the details of segmental operating results for the six-month periods ended 30 June 2023 and 30 June 2022:

	Wholesale operations		Retail operations		Investments		Dairy products and beverages		Fruits and vegetables		Storage and logistics		Livestock*		Adjustments and eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Revenue - third parties	7,507,774	7,813,620	556,122	626,237	-	-	11,231,427	9,572,117	1,046,067	1,110,684	331,556	343,631	2,935,835	210,816	-	-	23,608,781	19,677,105
Revenue - inter segments	13,120	370	-	412	-	-	52,691	26,931	30,401	6,880	87,932	94,230	-	14	(184,144)	(128,837)	-	-
Total revenue	7,520,894	7,813,990	556,122	626,649	-	-	11,284,118	9,599,048	1,076,468	1,117,564	419,488	437,861	2,935,835	210,830	(184,144)	(128,837)	23,608,781	19,677,105
Costs of revenue (excluding depreciation)	(6,419,349)	(6,500,525)	(466,968)	(519,639)	-	-	(8,468,511)	(7,122,297)	(919,664)	(908,355)	(110,849)	(116,817)	(2,483,402)	(193,869)	111,527	46,613	(18,757,216)	(15,314,889)
Gross profit	1,101,545	1,313,465	89,154	107,010	-	-	2,815,607	2,476,751	156,804	209,209	308,639	321,044	452,433	16,961	(72,617)	(82,224)	4,851,565	4,362,216
Other operating income	21,534	5,358	934	944	-	-	47,433	20,110	30,595	25,374	4,738	5,069	11,045	1,107	(31,323)	(13,453)	84,956	44,509
Other expenses (excluding depreciation)	(949,677)	(954,631)	(41,322)	(54,861)	-	-	(1,742,554)	(1,569,160)	(152,488)	(151,269)	(37,076)	(36,564)	(355,756)	(53,755)	23,142	9,272	(3,255,731)	(2,810,968)
Depreciation on property, plant and equipment	(63,044)	(64,869)	(1,265)	(7,543)	-	-	(241,851)	(251,163)	(20,593)	(24,402)	(151,991)	(154,899)	(2,524)	(2,406)	(8,254)	(8,254)	(489,522)	(513,536)
Depreciation on right-of-use of assets	(55,036)	(52,197)	(15,512)	(20,255)	-	-	(133,422)	(140,644)	(7,861)	(9,845)	(17,738)	(17,738)	(3,554)	(724)	30,258	35,693	(202,865)	(205,710)
Profit (loss) from operations	55,322	247,126	31,989	25,295	-	-	745,213	535,894	6,457	49,067	106,572	116,912	101,644	(38,817)	(58,794)	(58,966)	988,403	876,511
Investment income - net (including share of results of an associate)	-	-	-	-	1,569,365	804,566	83,355	75,462	-	-	-	-	26,464	3,100	(603,475)	(368,305)	1,075,709	514,823
Other income	-	231,672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	231,672
Finance costs	(177,230)	(62,734)	(1,892)	(2,524)	-	-	(24,479)	(5,699)	(23,850)	(13,226)	(24,566)	(28,056)	(8,348)	(791)	25,008	28,057	(235,357)	(84,973)
Finance costs on lease liabilities	(58,119)	(57,688)	(741)	(456)	-	-	(54,188)	(52,491)	(8,397)	(8,715)	(25,111)	(25,202)	(990)	(330)	50,540	50,711	(97,006)	(94,171)
Foreign exchange gains, net	-	-	-	-	-	-	33,958	24,076	-	-	-	-	-	-	-	-	33,958	24,076
Profit (loss) for the period	(180,027)	358,376	29,356	22,315	1,569,365	804,566	783,859	577,242	(25,790)	27,126	56,895	63,654	118,770	(36,838)	(586,721)	(348,503)	1,765,707	1,467,938
Capital expenditure	375,855	26,944	-	-	-	-	184,559	246,460	-	-	2,517	25,379	12,997	-	-	-	575,928	298,783

The following table presents the details of segmental assets and liabilities as at 30 June 2023 and as at 31 December 2022:

	Wholesale operations		Retail operations		Investments		Dairy products and beverages		Fruits and vegetables		Storage and logistics		Livestock*		Adjustments and eliminations		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Audited)
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Assets	14,722,110	15,257,728	151,792	410,147	25,314,085	24,568,182	19,554,907	17,812,066	1,623,594	1,715,669	3,640,812	3,761,557	3,849,069	3,987,961	(14,711,964)	(14,727,676)	54,144,405	52,785,634
Liabilities	11,366,746	11,733,657	151,792	410,147	-	-	7,810,205	6,860,604	1,074,622	1,132,653	1,828,949	2,006,590	608,874	879,592	(2,929,641)	(3,512,303)	19,911,547	19,510,940

* New segment as a result of acquisition of Bahrain Livestock Company B.S.C. (c) during second quarter of 2022.

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 six-month periods ended 30 June 2023 and 30 June 2022 respectively, are as follows:

	<i>Six-month period ended 30 June 2023</i>			
	<i>Revenue BD</i>	<i>Purchases BD</i>	<i>Income BD</i>	<i>Expenses BD</i>
Companies with common directors	433,193	316,935	724,588	103,681
	<i>Six-month period ended 30 June 2022</i>			
	<i>Revenue BD</i>	<i>Purchases BD</i>	<i>Income BD</i>	<i>Expenses BD</i>
Associated companies	8,950	-	-	742
Companies with common directors	272,079	388,256	341,466	88,580
	281,029	388,256	341,466	89,322

Balances with related parties included in the interim consolidated statement of financial position as at 30 June 2023 and as at 31 December 2022, are as follows:

	<i>At 30 June 2023 (Reviewed)</i>		<i>At 31 December 2022 (Audited)</i>	
	<i>Due from BD</i>	<i>Due to BD</i>	<i>Due from BD</i>	<i>Due to BD</i>
Companies with common directors	253,171	169,567	270,418	176,769

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 the six-month period ended was as follows:

	<i>Six-month period ended 30 June (Reviewed)</i>	
	2023	2022
	BD	BD
Short-term benefits	186,852	161,084
Employees' end of service benefits	14,872	13,683
	201,724	174,767

13 INVESTMENT IN AN ASSOCIATE

As at 31 December 2021, the Group had an investment of 36.26% in the Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C. (c)) ("BLSC"), a company that is engaged in the import of both livestock and chilled meat in the Kingdom of Bahrain. BLSC was treated as an associate and was accounted for under the equity method of accounting in the Group's consolidated financial statements for the year ended 31 December 2022.

On 19 May 2022, the Group entered into a sale and purchase agreement with Delmon Poultry Company B.S.C. and Bahrain Investment Holding Company - Istithmar B.S.C. (c) to acquire the remaining 63.74% stake in BLSC at a consideration of BD 1,657,240.

As a result of such increased shareholding, BLSC became a wholly owned subsidiary of the Group and the Group started consolidating BLSC in the Group's consolidated financial statements from the date of such acquisition. The Group acquired BLSC to increase its operations of trading in food products.

As required by IFRS, in the six months period ended 30 June 2022 the Group :

- fair valued its previously held shareholding in BLSC and has taken the difference between the carrying value and the fair value at the date of acquisition to profit or loss.
- recycled all amounts previously recorded in Group's equity in relation to the Group's investment in BLSC (pre-acquisition) to profit or loss.
- included the fair value of its previously held stake in BLSC at the date of acquisition as part of purchase consideration for the determination of goodwill / gain on bargain purchase.

During the year ended 31 December 2022, the Group finalised the purchase price allocation (PPA) and has accordingly allocated the purchase consideration to identifiable assets and liabilities. The details of BLSC's acquisition are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2022.