

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 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 statement of financial position of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as at 31 March 2023, comprising of the interim consolidated statement of financial position as at 31 March 2023 and the related interim 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 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  
11 May 2023  
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 2023 (Reviewed)

	Notes	Three-month period ended	
		31 March	
		2023	2022
		BD	BD
Revenue	4	12,069,817	9,890,005
Costs of revenue		(9,906,383)	(7,928,232)
<b>GROSS PROFIT</b>		<b>2,163,434</b>	<b>1,961,773</b>
Other operating income		54,167	21,196
Personnel costs		(1,047,294)	(884,418)
General and administration expenses		(274,892)	(192,936)
Selling and distribution expenses		(252,912)	(270,779)
Depreciation on property, plant and equipment		(101,325)	(109,470)
Depreciation on right-of-use assets		(49,436)	(72,672)
<b>PROFIT FROM OPERATIONS</b>		<b>491,742</b>	<b>452,694</b>
Other finance costs		(110,517)	(35,064)
Finance costs on lease liabilities		(47,766)	(45,893)
Investment income	5	734,331	624,043
Share of results of an associate		-	(29,295)
Foreign exchange gains - net		13,146	12,546
<b>PROFIT OF THE GROUP FOR THE PERIOD</b>		<b>1,080,936</b>	<b>979,031</b>
of which profit attributable to non-controlling interests		(200,753)	(163,757)
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO</b>		<b>880,183</b>	<b>815,274</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>	6	<b>12</b>	<b>11</b>
<b>OTHER COMPREHENSIVE INCOME</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		50,072	-
- Net change in fair value of investments at fair value through other comprehensive income		225,931	923,622
- Net changes in fair value of associate's investments at fair value through other comprehensive income		-	306
		<b>276,003</b>	<b>923,928</b>
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
- Foreign exchange differences on translation of foreign operations		4,258	(28,562)
<b>Other comprehensive income for the period</b>		<b>280,261</b>	<b>895,366</b>
<b>TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD</b>		<b>1,361,197</b>	<b>1,874,397</b>
of which attributable to non-controlling interests		(213,508)	(159,073)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO</b>		<b>1,147,689</b>	<b>1,715,324</b>
			
Ebrahim Mohamed Ali Zainal Chairman			
			
Yusuf Saleh Abdulla AlSaleh Vice Chairman			
			
Azzam Moutragi Group Chief Executive Officer			

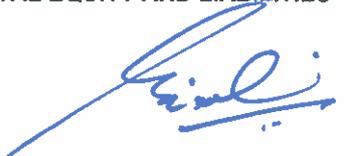
The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# Trafco Group B.S.C.

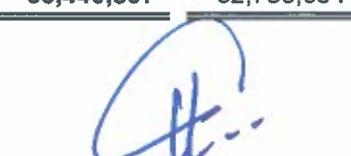
## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023 (Reviewed)

	<b>31 March 2023 (Reviewed) BD</b>	<b>31 December 2022 (Audited) BD</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,136,585	9,273,189
Right-of-use assets	3,447,338	3,699,121
Investments at fair value through other comprehensive income	15,222,597	14,998,073
	<b>27,806,520</b>	<b>27,970,383</b>
<b>Current assets</b>		
Inventories	10,729,287	10,547,968
Trade and other receivables	12,498,241	10,574,155
Bank balances and cash	4,406,259	3,693,128
	<b>27,633,787</b>	<b>24,815,251</b>
<b>TOTAL ASSETS</b>	<b>55,440,307</b>	<b>52,785,634</b>
<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	18,642,738	18,607,893
<b>Equity attributable to shareholders of Trafco</b>	<b>28,390,101</b>	<b>28,355,256</b>
Non-controlling interests	5,132,946	4,919,438
<b>Total equity</b>	<b>33,523,047</b>	<b>33,274,694</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,108,760	3,389,399
Employees' end of service benefits	1,559,388	1,531,760
Term loans	2,531,662	1,546,485
Government grant	40,965	40,965
	<b>7,240,775</b>	<b>6,508,609</b>
<b>Current liabilities</b>		
Trade and other payables	8,212,861	7,298,611
Import loans	4,241,387	3,759,063
Bank overdrafts	642,016	550,420
Lease liabilities	496,694	545,450
Contract and refund liabilities	352,073	295,986
Term loans	727,787	549,134
Government grant	3,667	3,667
	<b>14,676,485</b>	<b>13,002,331</b>
<b>Total liabilities</b>	<b>21,917,260</b>	<b>19,510,940</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55,440,307</b>	<b>52,785,634</b>

  
Ebrahim Mohamed Ali Zainal  
Chairman

  
Yusuf Saleh Abdulla AlSaleh  
Vice Chairman

  
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 31 March 2023 (Reviewed)

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<b>2023</b>	<b>2022</b>
	<b>BD</b>	<b>BD</b>
<b>OPERATING ACTIVITIES</b>		
Profit of the Group for the period	<b>1,080,936</b>	979,031
Adjustments for:		
Investment income	<b>(734,331)</b>	(624,043)
Depreciation of property, plant and equipment	<b>244,516</b>	258,911
Depreciation of right-of-use assets	<b>99,401</b>	103,127
Finance costs on lease liabilities	<b>47,766</b>	45,893
Other finance costs	<b>110,517</b>	35,064
Provision for employees' end of service benefits	<b>46,439</b>	45,263
Share of results of an associate	<b>-</b>	29,295
Provision for slow moving and obsolete of inventories	<b>17,587</b>	15,166
Allowance for expected credit losses	<b>32,200</b>	23,084
Gain on disposals of property, plant and equipment	<b>-</b>	(5,538)
Operating profit before changes in working capital	<b>945,031</b>	905,253
Working capital changes:		
Inventories	<b>(198,906)</b>	(925,526)
Trade and other receivables	<b>(1,547,144)</b>	(886,417)
Trade and other payables	<b>(103,591)</b>	(984,241)
Contract and refund liabilities	<b>56,087</b>	79,161
Net cash used in operations	<b>(848,523)</b>	(1,811,770)
Directors' remuneration paid	<b>(102,500)</b>	(92,250)
Employees' end of service benefits paid	<b>(18,811)</b>	(50,653)
Net cash flows used in operating activities	<b>(969,834)</b>	(1,954,673)
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	<b>(107,912)</b>	(126,960)
Proceeds from disposals of property, plant and equipment	<b>-</b>	5,538
Purchase of investments at fair value through other comprehensive income	<b>(22,208)</b>	(9,989)
Proceeds from disposals of investments at fair value through other comprehensive income	<b>73,687</b>	-
Dividends and interest received	<b>325,189</b>	296,236
Net cash flows from investing activities	<b>268,756</b>	164,825
<b>FINANCING ACTIVITIES</b>		
Net movements in import loans	<b>482,324</b>	1,045,363
Finance costs paid	<b>(103,020)</b>	(29,308)
Net movements in term loans	<b>1,163,830</b>	(49,497)
Payment of principal portion of lease liabilities	<b>(177,013)</b>	(72,313)
Finance costs paid on lease liabilities	<b>(47,766)</b>	(45,893)
Net cash flows from financing activities	<b>1,318,355</b>	848,352
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>617,277</b>	(941,496)
Foreign currency translation adjustments - net	<b>4,258</b>	(28,562)
Cash and cash equivalents at 1 January	<b>3,142,708</b>	3,398,248
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH (A)</b>	<b>3,764,243</b>	2,428,190

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 31 March 2023 (Reviewed)

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<b>2023</b>	<i>2022</i>
	<b>BD</b>	<i>BD</i>
(A) Cash and cash equivalents comprise of following amounts:		
Cash, bank balances and short-term deposits	<b>4,406,259</b>	3,159,989
Less: Bank overdrafts	<b>(642,016)</b>	(731,799)
	<b>3,764,243</b>	2,428,190

# Trafco Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2023 (Reviewed)

	Attributable to Trafco's shareholders												Non-controlling interests BD	Total equity BD
	Reserves											Shareholders' equity BD		
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD	Foreign currency reserve 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	-	-	-	-	-	-	-	880,183	-	-	880,183	880,183	200,753	1,080,936
Other comprehensive income for the period	-	-	-	-	-	265,334	2,172	-	-	-	267,506	267,506	12,755	280,261
Total comprehensive income for the period	-	-	-	-	-	265,334	2,172	880,183	-	-	1,147,689	1,147,689	213,508	1,361,197
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 disposals of investments at fair value through other comprehensive income	-	-	-	-	-	(50,072)	-	50,072	-	-	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>8,067,505</b>	<b>(1,706,644)</b>	<b>3,386,502</b>	<b>4,033,753</b>	<b>1,615,000</b>	<b>7,605,309</b>	<b>(35,876)</b>	<b>4,927,816</b>	<b>496,736</b>	<b>-</b>	<b>18,642,738</b>	<b>28,390,101</b>	<b>5,132,946</b>	<b>33,523,047</b>

	Attributable to Trafco's shareholders												Non-controlling interests BD	Total equity BD
	Reserves											Shareholders' equity BD		
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD	Foreign currency reserve 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	-	-	-	-	-	-	-	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>

The attached notes 1 to 13 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 and Commerce. 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 11 May 2023.

## 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 2022. In addition, results for the three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

### 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 2022, except for the new and amended standards and interpretations 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.*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (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 2022.

**4 REVENUE**

The following table presents the disaggregation of the Group's revenue for the three-month periods ended 31 March 2023 and 31 March 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>	
	<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>
<b><i>Types of revenue</i></b>														
Sale of goods	4,182,086	4,213,078	274,276	310,118	5,483,985	4,636,579	499,192	550,580	-	-	1,464,691	-	11,904,230	9,710,355
Rendering of services	-	-	-	-	-	-	-	-	165,587	179,650	-	-	165,587	179,650
	<b>4,182,086</b>	<b>4,213,078</b>	<b>274,276</b>	<b>310,118</b>	<b>5,483,985</b>	<b>4,636,579</b>	<b>499,192</b>	<b>550,580</b>	<b>165,587</b>	<b>179,650</b>	<b>1,464,691</b>	<b>-</b>	<b>12,069,817</b>	<b>9,890,005</b>
<b><i>Geographic markets</i></b>														
Bahrain	4,182,086	4,213,078	274,276	310,118	4,170,317	3,433,252	499,192	550,580	165,587	179,650	1,464,691	-	10,756,149	8,686,678
Other GCC countries	-	-	-	-	1,313,668	1,203,327	-	-	-	-	-	-	1,313,668	1,203,327
	<b>4,182,086</b>	<b>4,213,078</b>	<b>274,276</b>	<b>310,118</b>	<b>5,483,985</b>	<b>4,636,579</b>	<b>499,192</b>	<b>550,580</b>	<b>165,587</b>	<b>179,650</b>	<b>1,464,691</b>	<b>-</b>	<b>12,069,817</b>	<b>9,890,005</b>
<b><i>Timing of revenue recognition</i></b>														
Goods transferred at a point in time	4,182,086	4,213,078	274,276	310,118	5,483,985	4,636,579	499,192	550,580	-	-	1,464,691	-	11,904,230	9,710,355
Services transferred over time	-	-	-	-	-	-	-	-	165,587	179,650	-	-	165,587	179,650
	<b>4,182,086</b>	<b>4,213,078</b>	<b>274,276</b>	<b>310,118</b>	<b>5,483,985</b>	<b>4,636,579</b>	<b>499,192</b>	<b>550,580</b>	<b>165,587</b>	<b>179,650</b>	<b>1,464,691</b>	<b>-</b>	<b>12,069,817</b>	<b>9,890,005</b>

# Trafco Group B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (Reviewed)

### 5 SEASONALITY OF RESULTS

Investment income for the three-month period ended 31 March 2023 amounting to BD 734,331 (2022: BD 624,043) is of a 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>2023</b>	2022
Profit for the period attributable to shareholders of Trafco – (BD)	<b>880,183</b>	815,274
Weighted average number of shares, net of treasury shares	<b>74,197,577</b>	74,197,577
Basic and diluted earnings per share (fils)	<b>12</b>	11

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

### 7 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Group as at 31 March 2023 and 31 December 2022:

<i>Financial assets</i>	<i>Amortised cost</i>	<i>Fair value through other comprehensive income</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>
<b><i>At 31 March 2023 (Reviewed)</i></b>			
Investments at fair value through other comprehensive income	-	15,222,597	15,222,597
Trade and other receivables	12,498,241	-	12,498,241
Bank balances and cash	4,406,259	-	4,406,259
	<b>16,904,500</b>	<b>15,222,597</b>	<b>32,127,097</b>
<i>Financial assets</i>			
<b><i>At 31 December 2022 (Audited)</i></b>			
Investments at fair value through other comprehensive income	-	14,998,073	14,998,073
Trade and other receivables	10,574,155	-	10,574,155
Bank balances and cash	3,693,128	-	3,693,128
	<b>14,267,283</b>	<b>14,998,073</b>	<b>29,265,356</b>

**7 FINANCIAL INSTRUMENTS (continued)**

	<b>31 March 2023 (Reviewed) BD</b>	<b>31 December 2022 (Audited) BD</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	<b>8,212,861</b>	7,298,611
Import loans	<b>4,241,387</b>	3,759,063
Lease liabilities	<b>3,605,454</b>	3,934,849
Bank overdrafts	<b>642,016</b>	550,420
Term loans	<b>3,259,449</b>	2,095,619
	<b>19,961,167</b>	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) Bank balances and cash, bank overdrafts, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities.
- b) Term loans, import loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. As at 31 March 2023 and as at 31 December 2022, 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 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 31 March 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.

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:

	<b>31 March 2023 (Reviewed)</b>			<b>Total BD</b>
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>BD</b>	<b>BD</b>	<b>BD</b>	
<b>Assets measured at fair value</b>				
<i>Investments at fair value through other comprehensive income:</i>				
- Quoted equity investments	9,861,774	-	-	9,861,774
- Unquoted equity investments	-	-	5,174,476	5,174,476
- Quoted debt instruments	186,347	-	-	186,347
	<b>10,048,121</b>	<b>-</b>	<b>5,174,476</b>	<b>15,222,597</b>
	<b>31 December 2022 (Audited)</b>			
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>BD</b>	<b>BD</b>	<b>BD</b>	<b>BD</b>
<i>Assets measured at fair value</i>				
<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
	<b>10,159,539</b>	<b>-</b>	<b>4,838,534</b>	<b>14,998,073</b>

**Liabilities measured at fair value:**

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

During the three-month period ended 31 March 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.

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

	<b>31 March 2023 (Reviewed) BD</b>	<b>31 December 2022 (Audited) BD</b>
At beginning of the period / year	4,838,534	4,533,513
Net changes in fair value	335,942	305,021
At end of the period / year	<b>5,174,476</b>	<b>4,838,534</b>

## 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. (31 March 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). Dividends payable are included within 'Trade and other payables' in the interim consolidated statement of financial position as at 31 March 2023 and as at 31 December 2022.

## 10 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments of BD 2,762,094 as of 31 March 2023 [31 December 2022: BD 40,106 (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 2023 amounted to BD 924,670 [31 December 2022: BD 924,670 (Audited)].

## 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.

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, bank balances and cash. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments 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, 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 2023 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,313,668 (2022: BD 1,203,327) and profit for the three-month period ended 31 March 2023 amounted to BD 77,249 (2022: BD 17,000). 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 2023, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,286,999 [31 December 2022: BD 2,333,816 (Audited)] and total liabilities amounted to BD 2,153,556 [31 December 2022: BD 2,200,374 (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 2023 (Reviewed)

11 SEGMENT REPORTING (continued)

Three-month period ended 31 March 2023 (Reviewed)

The following table presents the details of segmental operating results for the three-month periods ended 31 March 2023 and 31 March 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	4,182,086	4,213,078	274,276	310,118	-	-	5,483,985	4,636,579	499,192	550,580	165,587	179,650	1,464,691	-	-	-	12,069,817	9,890,005
Revenue - inter segments	3,074	-	-	198	-	-	35,591	20,022	11,211	6,880	40,797	46,043	-	-	(90,673)	(73,143)	-	-
Total revenue	4,185,160	4,213,078	274,276	310,316	-	-	5,519,576	4,656,601	510,403	557,460	206,384	225,693	1,464,691	-	(90,673)	(73,143)	12,069,817	9,890,005
Costs of revenue (excluding depreciation)	(3,586,542)	(3,548,561)	(229,126)	(262,659)	-	-	(4,204,872)	(3,445,213)	(432,630)	(463,781)	(57,022)	(64,293)	(1,263,142)	-	60,107	36,171	(9,713,227)	(7,748,336)
Gross profit	598,618	664,517	45,150	47,657	-	-	1,314,704	1,211,388	77,773	93,679	149,362	161,400	201,549	-	(30,566)	(36,972)	2,356,590	2,141,669
Other operating income	6,532	2,273	616	449	-	-	42,190	11,414	15,408	14,350	2,348	2,528	1,799	-	(14,726)	(9,818)	54,167	21,196
Other expenses (excluding depreciation)	(474,658)	(474,068)	(20,599)	(23,127)	-	-	(825,121)	(766,022)	(74,524)	(69,641)	(18,900)	(18,861)	(165,883)	-	4,587	3,586	(1,575,098)	(1,348,133)
Depreciation on property, plant and equipment	(31,985)	(32,338)	(635)	(4,010)	-	-	(120,268)	(128,706)	(10,314)	(12,209)	(76,192)	(77,521)	(995)	-	(4,127)	(4,127)	(244,516)	(258,911)
Depreciation on right-of-use of assets	(27,519)	(26,070)	(7,756)	(11,845)	-	-	(64,979)	(69,268)	(3,931)	(4,923)	(8,870)	(8,869)	(1,777)	-	15,431	17,848	(99,401)	(103,127)
Profit from operations	70,988	134,314	16,776	9,124	-	-	346,526	258,806	4,412	21,256	47,748	58,677	34,693	-	(29,401)	(29,483)	491,742	452,694
Investment income - net (including share of results of an associate)	-	-	-	-	929,780	740,425	66,280	57,173	-	-	-	-	21,215	-	(282,944)	(202,850)	734,331	594,748
Other finance costs	(87,352)	(26,539)	(968)	(1,498)	-	-	(6,587)	(813)	(11,819)	(6,214)	(12,678)	(14,019)	(3,917)	-	12,804	14,019	(110,517)	(35,064)
Finance costs on lease liabilities	(29,107)	(28,801)	(422)	(268)	-	-	(26,256)	(25,208)	(4,206)	(4,370)	(12,555)	(12,601)	(495)	-	25,275	25,355	(47,766)	(45,893)
Foreign exchange gains, net	-	-	-	-	-	-	13,146	12,546	-	-	-	-	-	-	-	-	13,146	12,546
<b>(Loss) Profit for the period</b>	<b>(45,471)</b>	<b>78,974</b>	<b>15,386</b>	<b>7,358</b>	<b>929,780</b>	<b>740,425</b>	<b>393,109</b>	<b>302,504</b>	<b>(11,613)</b>	<b>10,672</b>	<b>22,515</b>	<b>32,057</b>	<b>51,496</b>	<b>-</b>	<b>(274,266)</b>	<b>(192,959)</b>	<b>1,080,936</b>	<b>979,031</b>
Capital expenditure	8,923	26,944	-	-	-	-	88,971	93,162	-	-	1,570	6,854	8,452	-	-	-	107,916	126,960

The following table presents the details of segmental assets and liabilities as at 31 March 2023 and 31 December 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>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Assets	16,606,019	15,257,728	109,558	410,147	25,055,028	24,568,182	18,660,030	17,812,066	1,877,618	1,715,669	3,698,267	3,761,557	3,914,441	3,987,961	(14,480,654)	(14,727,676)	55,440,307	52,785,634
Liabilities	13,529,823	11,733,657	109,558	410,147	-	-	7,289,426	6,860,604	1,310,340	1,132,653	1,920,784	2,006,590	751,607	879,592	(2,994,278)	(3,512,303)	21,917,260	19,510,940

**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 2023 and 31 March 2022 respectively, are as follows:

	<i>Three-month period ended 31 March 2023</i>			
	<i>Revenue BD</i>	<i>Purchases BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Companies with common directors	<b>202,941</b>	<b>137,725</b>	<b>430,214</b>	<b>54,632</b>
	<i>Three-month period ended 31 March 2022</i>			
	<i>Revenue BD</i>	<i>Purchases BD</i>	<i>Other income BD</i>	<i>Expenses BD</i>
Associated companies	5,451	-	-	520
Companies with common directors	112,383	245,210	377,380	43,685
	<b>117,834</b>	<b>245,210</b>	<b>377,380</b>	<b>44,205</b>

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

	<i>At 31 March 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	<b>275,221</b>	<b>182,797</b>	270,418	176,769

Share of results of an associate are disclosed on the face of interim statement of profit or loss and other comprehensive income.

**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>2023</b>	<i>2022</i>
	<b>BD</b>	<i>BD</i>
Short-term benefits	<b>94,498</b>	84,490
Employees' end of service benefits	<b>3,030</b>	2,168
	<b>97,528</b>	86,658

**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.

On 19 May 2022, the Group entered into sale and purchase agreement with Delmon Poultry Company B.S.C. and Bahrain Investment Holding Company - Istithmar B.S.C. (c) to acquire remaining 63.74% stake of 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, the Group has:

- 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.