

Trafco Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 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 September 2023, comprising of the interim consolidated statement of financial position as at 30 September 2023 and the related interim consolidated statement of profit or loss and other comprehensive income for the three and nine-month period then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-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
12 November 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 September 2023 (Reviewed)

	Notes	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2023	2022	2023	2022
		BD	BD	BD	BD
Revenue from contracts with customers	4	11,229,334	11,599,630	34,838,115	31,276,735
Costs of revenue		(8,929,565)	(9,218,596)	(28,075,141)	(24,885,938)
GROSS PROFIT		2,299,769	2,381,034	6,762,974	6,390,797
Other operating income		43,620	32,398	128,576	76,907
Personnel costs		(1,071,660)	(1,060,387)	(3,233,238)	(2,891,995)
General and administration expenses		(291,693)	(316,500)	(848,936)	(751,195)
Selling and distribution expenses		(352,791)	(334,840)	(889,701)	(879,505)
Depreciation on property, plant and equipment		(101,293)	(119,381)	(302,382)	(333,129)
Depreciation on right-of-use assets		(55,489)	(66,373)	(158,427)	(219,418)
PROFIT FROM OPERATIONS		470,463	515,951	1,458,866	1,392,462
Investment income	5	142,871	53,365	1,218,580	706,507
Other income		-	-	-	231,672
Share of results of an associate		-	-	-	(138,319)
Finance costs		(85,815)	(79,787)	(321,172)	(164,761)
Finance costs on lease liabilities		(47,829)	(53,077)	(144,835)	(147,248)
Foreign exchange gains, net		12,885	13,254	46,843	37,330
PROFIT OF THE GROUP FOR THE PERIOD		492,575	449,706	2,258,282	1,917,643
of which profit attributable to non-controlling interests		(223,314)	(148,508)	(607,940)	(461,754)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		269,261	301,198	1,650,342	1,455,889
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	6	4	4	22	20
OTHER COMPREHENSIVE (LOSS) INCOME					
<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		712	9,965	108,600	9,965
- Net change in fair value of investment through other comprehensive income		(365,141)	65,286	(166,008)	931,489
- Share of associate's other comprehensive loss		-	-	-	(11,063)
		(364,429)	75,251	(57,408)	930,391
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
- Exchange differences on translation of foreign operations		(21,640)	(23,873)	(23,360)	(79,107)
Other comprehensive (loss) income for the period		(386,069)	51,378	(80,768)	851,284
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD		106,506	501,084	2,177,514	2,768,927
of which attributable to non-controlling interests		(204,549)	(140,071)	(593,771)	(428,236)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		(98,043)	361,013	1,583,743	2,340,691

Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla AlSaleh
Vice Chairman

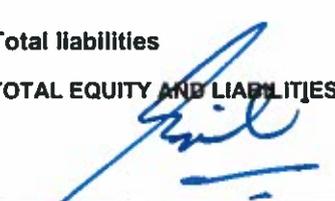
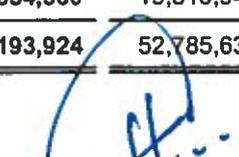
Azzam Moughgi
Group Chief Executive Officer

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 September 2023 (Reviewed)

	30 September 2023 (Reviewed) BD	31 December 2022 (Audited) BD
ASSETS		
Non-current assets		
Property, plant and equipment	9,623,864	9,273,189
Right-of-use assets	3,267,815	3,699,121
Investment at fair value through other comprehensive income	14,612,194	14,998,073
	<u>27,503,873</u>	<u>27,970,383</u>
Current assets		
Inventories	10,040,889	10,547,968
Trade and other receivables	11,455,764	10,574,155
Cash, bank balances and short-term deposits	3,193,398	3,693,128
	<u>24,690,051</u>	<u>24,815,251</u>
TOTAL ASSETS	<u><u>52,193,924</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	19,078,792	18,607,893
Equity attributable to shareholders of Trafco Group B.S.C.	<u>28,826,155</u>	<u>28,355,256</u>
Non-controlling interests	5,513,209	4,919,438
Total equity	<u>34,339,364</u>	<u>33,274,694</u>
Non-current liabilities		
Lease liabilities	3,040,403	3,389,399
Employees' end of service benefits	1,543,541	1,531,760
Term loans	2,085,380	1,546,485
Government grant	37,298	40,965
	<u>6,706,622</u>	<u>6,508,609</u>
Current liabilities		
Trade and other payables	6,655,051	7,298,611
Import loans	2,725,450	3,759,063
Lease liabilities	523,010	545,450
Contract and refund liabilities	349,158	295,986
Bank overdrafts	79,183	550,420
Term loans	812,419	549,134
Government grant	3,667	3,667
	<u>11,147,938</u>	<u>13,002,331</u>
Total liabilities	<u>17,854,560</u>	<u>19,510,940</u>
TOTAL EQUITY AND LIABILITIES	<u><u>52,193,924</u></u>	<u><u>52,785,634</u></u>
		
Ebrahim Mohamed Ali Zainal Chairman	Yusuf Saleh Abdulla AlSaleh Vice Chairman	Azzam Moudragi 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 September 2023 (Reviewed)

	<i>Nine-month period ended</i>	
	30 September	
	2023	2022
	BD	BD
OPERATING ACTIVITIES		
Profit of the Group for the period	2,258,282	1,917,643
Adjustments for:		
Investment income	(1,218,580)	(706,507)
Depreciation on property, plant and equipment	735,994	772,636
Depreciation on right-of-use assets	308,318	310,628
Finance costs	321,172	164,761
Other income	-	(231,672)
Finance costs on lease liabilities	144,835	147,248
Provision for employees' end of service benefits	173,759	151,628
Share of results of an associate	-	138,319
Provision for slow moving and obsolete of inventories	48,690	74,682
Allowance (reversal) for expected credit losses	101,389	(11,474)
Amortisation of Government grant	(3,667)	(3,677)
Gain on disposals of property, plant and equipment	(18,120)	(11,792)
Operating profit before changes in working capital	2,852,072	2,712,423
Working capital changes:		
Inventories	458,389	(1,723,148)
Trade and other receivables	(982,998)	(1,072,720)
Trade and other payables	(634,032)	(608,721)
Contract and refund liabilities	53,172	64,498
Net cash flows from (used in) operations	1,746,603	(627,668)
Employees' end of service benefits paid	(161,978)	(151,343)
Net cash flows from (used in) operating activities	1,584,625	(779,011)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,090,074)	(420,510)
Proceeds from disposals of property, plant and equipment	21,524	22,993
Proceeds from disposals of investment at fair value through other comprehensive income	350,680	14,858
Purchase of investment at fair value through other comprehensive income	(22,208)	(159,388)
Dividends and interest received	1,218,580	706,507
Acquisition of associate	-	(200,951)
Net cash flows from (used in) investing activities	478,502	(36,491)

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 September 2023 (Reviewed)

	<i>Nine-month period ended</i>	
	<i>30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>BD</i>	<i>BD</i>
FINANCING ACTIVITIES		
Dividends paid	(1,112,844)	(1,038,654)
Term loan availed	1,300,000	1,641,516
Repayment of term loan	(497,820)	(206,703)
Import loans availed	8,400,476	9,451,463
Repayment of import loan	(9,434,089)	(9,389,607)
Finance costs paid on term loans	(330,700)	(131,933)
Payment of principal portion of lease liabilities	(248,448)	(224,439)
Finance costs paid on lease liabilities	(144,835)	(147,247)
Net cash flows used in financing activities	(2,068,260)	(45,604)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,133)	(861,106)
Foreign currency translation adjustments - net	(23,360)	(79,107)
Cash and cash equivalents at 1 January	3,142,708	3,398,248
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (A)	3,114,215	2,458,035

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

	<i>Nine-month period ended</i>	
	<i>30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>BD</i>	<i>BD</i>
Cash, bank balances and short-term deposits	3,193,398	3,451,043
Less: Bank overdrafts	(79,183)	(993,008)
	3,114,215	2,458,035

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2023 (Reviewed)

	Attributable to shareholders of Trafco Group B.S.C.														
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserves BD	Reserves					Total reserves BD	Total Trafco's shareholders BD	Non-controlling interests BD	Total equity BD
							Foreign currency reserves BD	Retained earnings - distributable BD	Retained earnings non-distributable BD	Proposed appropriations BD	Total				
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	-	-	-	-	-	-	-	1,650,342	-	-	1,650,342	1,650,342	607,940	2,258,282	
Other comprehensive (loss) income for the period	-	-	-	-	-	(54,685)	(11,914)	-	-	-	(66,599)	(66,599)	(14,169)	(80,768)	
Total comprehensive (loss) income for the period	-	-	-	-	-	(54,685)	(11,914)	1,650,342	-	-	1,583,743	1,583,743	593,771	2,177,514	
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	-	-	-	-	-	(108,600)	-	108,600	-	-	-	-	-	-	
Balance at 30 September 2023	8,067,505	(1,706,644)	3,386,502	4,033,753	1,615,000	7,176,690	(49,962)	5,806,575	496,736	-	19,078,792	28,826,155	5,513,209	34,339,364	

	Attributable to shareholders of Trafco Group B.S.C.													
	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value and other reserves BD	Foreign currency reserves BD	Reserves			Total reserves BD	Total Trafco's shareholders BD	Non-controlling interests BD	Total equity BD
								Retained earnings - distributable BD	Retained earnings non-distributable BD	Proposed appropriations 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	-	-	-	-	-	-	-	1,455,889	-	-	1,455,889	1,455,889	461,754	1,917,643
Other comprehensive income (loss) for the period	-	-	-	-	-	925,147	(40,345)	-	-	-	884,802	884,802	(33,518)	851,284
Total comprehensive income (loss) for the period	-	-	-	-	-	925,147	(40,345)	1,455,889	-	-	2,340,691	2,340,691	428,236	2,768,927
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)	-	-	-	-
Gain on disposals of investments at fair value through other comprehensive income	-	-	-	-	-	(9,965)	-	9,965	-	-	-	-	-	-
Balance at 30 September 2022	8,067,505	(1,706,644)	3,386,502	4,033,753	1,565,000	7,933,015	(59,502)	5,104,829	496,736	-	19,073,831	28,821,194	5,088,287	33,909,481

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 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 12 November 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for investment at fair value through other comprehensive income that have been measured at fair value.

The interim condensed consolidated financial statements have been presented in Bahraini Dinars (BD) which is the functional currency of the company and the presentation currency of the group.

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;*
- *Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12; and*
- *International Tax Reform - Pillar Two Models Rules - 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 September 2023 (Reviewed)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents the disaggregation of the Group's revenue for the three-month periods ended 30 September 2023 and 30 September 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>
<i>Types of revenue</i>														
Sale of goods	3,322,104	3,803,282	246,622	337,786	5,992,694	5,285,930	463,153	482,355	-	-	1,039,445	1,513,414	11,064,018	11,422,767
Rendering of services	-	-	-	-	-	-	-	-	165,316	176,863	-	-	165,316	176,863
	3,322,104	3,803,282	246,622	337,786	5,992,694	5,285,930	463,153	482,355	165,316	176,863	1,039,445	1,513,414	11,229,334	11,599,630
<i>Geographic markets</i>														
Bahrain	3,322,104	3,803,282	246,622	337,786	4,447,726	3,824,841	463,153	482,355	165,316	176,863	1,039,445	1,513,414	9,684,366	10,138,541
Kuwait and other countries	-	-	-	-	1,544,968	1,461,089	-	-	-	-	-	-	1,544,968	1,461,089
	3,322,104	3,803,282	246,622	337,786	5,992,694	5,285,930	463,153	482,355	165,316	176,863	1,039,445	1,513,414	11,229,334	11,599,630
<i>Timing of revenue recognition</i>														
At a point in time	3,322,104	3,803,282	246,622	337,786	5,992,694	5,285,930	463,153	482,355	-	-	1,039,445	1,513,414	11,064,018	11,422,767
Over the time	-	-	-	-	-	-	-	-	165,316	176,863	-	-	165,316	176,863
	3,322,104	3,803,282	246,622	337,786	5,992,694	5,285,930	463,153	482,355	165,316	176,863	1,039,445	1,513,414	11,229,334	11,599,630

* New segment as a result of acquisition of Bahrain Livestock Company W.L.L. during second quarter of 2022.

The following table presents the disaggregation of the Group's revenue for the nine-month periods ended 30 September 2023 and 30 September 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>
<i>Types of revenue</i>														
Sale of goods	10,829,878	11,616,902	802,744	964,023	17,224,121	14,858,047	1,509,220	1,593,039	-	-	3,975,280	1,724,230	34,341,243	30,756,241
Rendering of services	-	-	-	-	-	-	-	-	496,872	520,494	-	-	496,872	520,494
	10,829,878	11,616,902	802,744	964,023	17,224,121	14,858,047	1,509,220	1,593,039	496,872	520,494	3,975,280	1,724,230	34,838,115	31,276,735
<i>Geographic markets</i>														
Bahrain	10,829,878	11,616,902	802,744	964,023	12,941,822	10,961,245	1,509,220	1,593,039	496,872	520,494	3,975,280	1,724,230	30,555,816	27,379,933
Kuwait and other countries	-	-	-	-	4,282,299	3,896,802	-	-	-	-	-	-	4,282,299	3,896,802
	10,829,878	11,616,902	802,744	964,023	17,224,121	14,858,047	1,509,220	1,593,039	496,872	520,494	3,975,280	1,724,230	34,838,115	31,276,735
<i>Timing of revenue recognition</i>														
At a point in time	10,829,878	11,616,902	802,744	964,023	17,224,121	14,858,047	1,509,220	1,593,039	-	-	3,975,280	1,724,230	34,341,243	30,756,241
Over the time	-	-	-	-	-	-	-	-	496,872	520,494	-	-	496,872	520,494
	10,829,878	11,616,902	802,744	964,023	17,224,121	14,858,047	1,509,220	1,593,039	496,872	520,494	3,975,280	1,724,230	34,838,115	31,276,735

* New segment as a result of acquisition of Bahrain Livestock Company W.L.L. during second quarter of 2022.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Reviewed)

5 SEASONALITY OF RESULTS

Investment income for the nine-month period ended 30 September 2023 amounting to BD 1,218,580 (2022: BD 706,507) is of 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>Nine-month period ended</i>	
	<i>30 September (Reviewed)</i>		<i>30 September (Reviewed)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Profit for the period attributable to shareholders of TRAFCO – (BD)	269,261	301,198	1,650,342	1,455,889
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 (fils)	4	4	22	20

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 September 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 September 2023 (Reviewed)</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Investments at fair value through other comprehensive income	-	14,612,194	14,612,194
Trade and other receivables	11,255,496	-	11,255,496
Cash, bank balances and short-term deposits	3,193,398	-	3,193,398
	14,448,894	14,612,194	29,061,088
		<i>Fair value through other comprehensive income</i>	
	<i>Amortised cost</i>	<i>income</i>	<i>Total</i>
<i>Financial assets</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
<i>At 31 December 2022 (Audited)</i>			
Investments at fair value through other comprehensive income	-	14,998,073	14,998,073
Trade and other receivables	10,434,355	-	10,434,355
Cash, bank balances and short-term deposits	3,693,128	-	3,693,128
	14,127,483	14,998,073	29,125,556

7 FINANCIAL INSTRUMENTS (continued)

	30 September 2023 (Reviewed) BD	<i>31 December 2022 (Audited) BD</i>
Financial liabilities at amortised cost		
Trade and other payables	6,655,051	7,298,611
Import loans	2,725,450	3,759,063
Lease liabilities	3,563,413	3,934,849
Bank overdrafts	79,183	550,420
Term loans	2,897,799	2,095,619
	15,920,896	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, cash, short term deposits, bank overdrafts, import loans, trade and other receivables, 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 September 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 and in the 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 September 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 September 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.

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Reviewed)

8 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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

	30 September 2023 (Reviewed)			Total BD
	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income</i>				
- Quoted equity investments	9,429,120	-	-	9,429,120
- Unquoted equity investments	-	-	5,183,074	5,183,074
	9,429,120	-	5,183,074	14,612,194
	31 December 2022 (Audited)			
	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	Total BD
<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
	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 September 2023 and as of 31 December 2022.

During the nine-month period ended 30 September 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:

	Nine months period ended 30 September 2023 (Reviewed) BD	Year ended 31 December 2022 (Audited) BD
At beginning of the period / year	4,838,534	4,533,513
Change in fair values	344,540	305,021
At end of the period / year	5,183,074	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 September 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 2,062,644 as of 30 September 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 September 2023 amounted to BD 832,627 [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.

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, 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 September 2023 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,544,968 (2022: BD 1,461,089) and profit for the three-month period ended 30 September 2023 amounted to BD 61,808 (2022: BD 26,713). 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 nine-month period ended 30 September 2023 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 4,282,299 (2022: BD 3,896,802) and profit for the nine-month period ended 30 September 2023 amounted to BD 196,387 (2022: BD 56,247). The remaining revenue and profit for the nine-month period is generated from the primary geographical segment in the Kingdom of Bahrain.

At 30 September 2023, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,345,643 [31 December 2022 (Audited): BD 2,333,816] and total liabilities amounted to BD 2,212,202 [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 September 2023 (Reviewed)

11 SEGMENT REPORTING (continued)

Three-month period ended 30 September (Reviewed)

The following table presents the details of segmental operating results for the three-month periods ended 30 September 2023 and 30 September 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	3,322,104	3,803,282	246,622	337,786	-	-	5,992,694	5,285,930	463,153	482,355	165,316	176,863	1,039,445	1,513,414	-	-	11,229,334	11,599,630
Revenue - inter segments	4,445	14,654	205	220	-	-	19,392	14,665	6,037	6,817	55,872	43,449	3,180	5,194	(89,131)	(84,999)	-	-
Total revenue	3,326,549	3,817,936	246,827	338,006	-	-	6,012,086	5,300,595	469,190	489,172	221,188	220,312	1,042,625	1,518,608	(89,131)	(84,999)	11,229,334	11,599,630
Costs of revenue (excluding depreciation)	(2,832,054)	(3,153,563)	(210,242)	(272,125)	-	-	(4,354,803)	(3,889,819)	(406,612)	(411,180)	(58,129)	(59,427)	(896,438)	(1,301,510)	23,856	47,292	(8,734,422)	(9,040,332)
Gross profit (before depreciation)	494,495	664,373	36,585	65,881	-	-	1,657,283	1,410,776	62,578	77,992	163,059	160,885	146,187	217,098	(65,275)	(37,707)	2,494,912	2,559,298
Other operating income	9,180	3,177	4,444	642	-	-	10,645	17,452	17,514	13,628	2,095	2,491	930	2,177	(1,188)	(7,169)	43,620	32,398
Other expenses (excluding depreciation)	(441,759)	(509,066)	(22,881)	(23,269)	-	-	(1,004,472)	(905,755)	(78,649)	(78,527)	(18,671)	(18,960)	(167,732)	(177,825)	18,020	1,675	(1,716,144)	(1,711,727)
Depreciation on property, plant and equipment	(31,090)	(33,025)	(559)	(2,266)	-	-	(123,081)	(125,011)	(10,172)	(11,953)	(75,365)	(77,539)	(2,078)	(5,179)	(4,127)	(4,127)	(246,472)	(259,100)
Depreciation on right-of-use assets	(27,521)	(27,069)	(8,216)	(7,176)	-	-	(78,421)	(72,952)	(3,930)	(4,923)	(8,870)	(8,871)	(1,777)	(1,777)	23,282	17,850	(105,453)	(104,918)
Profit (loss) from operations	3,305	98,390	9,373	33,812	-	-	461,954	324,510	(12,659)	(3,783)	62,248	58,006	(24,470)	34,494	(29,288)	(29,478)	470,463	515,951
Investment income	-	-	-	-	368,554	303,115	40,918	24,109	-	-	-	-	7,010	6,699	(273,611)	(280,558)	142,871	53,365
Finance costs	(69,550)	(66,823)	(551)	(1,127)	-	-	(1,911)	(1,176)	(10,992)	(7,721)	(12,783)	(13,414)	(2,369)	(2,938)	12,341	13,412	(85,815)	(79,787)
Finance costs on lease liabilities	(28,923)	(29,356)	(291)	(418)	-	-	(26,548)	(31,699)	(4,177)	(4,319)	(12,555)	(12,601)	(494)	(40)	25,159	25,356	(47,829)	(53,077)
Foreign exchange gains (loss) - net	-	-	-	-	-	-	12,885	13,254	-	-	-	-	-	-	-	-	12,885	13,254
(Loss) profit for the period	(95,168)	2,211	8,531	32,267	368,554	303,115	487,298	328,998	(27,828)	(15,823)	36,910	31,991	(20,323)	38,215	(265,399)	(271,268)	492,575	449,706

* New segment as a result of acquisition of Bahrain Livestock Company W.L.L during second quarter of 2022.

Trafo Group B.S.C.

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At 30 September 2023 (Reviewed)

11 SEGMENT REPORTING (continued)

Nine-month period ended 30 September (Reviewed)

The following table presents the details of segmental operating results for the nine-month periods ended 30 September 2023 and 30 September 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	10,829,878	11,616,902	802,744	964,023	-	-	17,224,121	14,858,047	1,509,220	1,593,039	496,872	520,494	3,975,280	1,724,230	-	-	34,838,115	31,276,735
Revenue - inter segments	17,565	15,024	205	632	-	-	72,083	41,596	36,438	13,697	143,804	137,679	3,180	5,208	(273,275)	(213,836)	-	-
Total revenue	10,847,443	11,631,926	802,949	964,655	-	-	17,296,204	14,899,643	1,545,658	1,606,736	640,676	658,173	3,978,460	1,729,438	(273,275)	(213,836)	34,838,115	31,276,735
Costs of revenue (excluding depreciation)	(9,251,403)	(9,654,088)	(677,210)	(791,764)	-	-	(12,823,314)	(11,012,116)	(1,326,276)	(1,319,535)	(168,978)	(176,244)	(3,379,840)	(1,495,379)	135,383	93,905	(27,491,638)	#####
Gross profit (before depreciation)	1,596,040	1,977,838	125,739	172,891	-	-	4,472,890	3,887,527	219,382	287,201	471,698	481,929	598,620	234,059	(137,892)	(119,931)	7,346,477	6,921,514
Other operating income	30,714	8,535	5,378	1,586	-	-	58,078	37,562	48,109	39,002	6,833	7,560	11,975	3,284	(32,511)	(20,622)	128,576	76,907
Other expenses (excluding depreciation)	(1,391,436)	(1,463,697)	(64,203)	(78,130)	-	-	(2,747,026)	(2,474,915)	(231,137)	(229,796)	(55,747)	(55,524)	(523,488)	(231,580)	41,162	10,947	(4,971,875)	(4,522,695)
Depreciation on property, plant and equipment	(94,134)	(97,894)	(1,824)	(9,809)	-	-	(364,932)	(376,174)	(30,765)	(36,355)	(227,356)	(232,438)	(4,602)	(7,585)	(12,381)	(12,381)	(735,994)	(772,636)
Depreciation on right-of-use of assets	(82,557)	(79,266)	(23,728)	(27,431)	-	-	(211,843)	(213,596)	(11,791)	(14,768)	(26,608)	(26,609)	(5,331)	(2,501)	53,540	53,543	(308,318)	(310,628)
Profit (loss) from operations	58,627	345,516	41,362	59,107	-	-	1,207,167	860,404	(6,202)	45,284	168,820	174,918	77,174	(4,323)	(88,082)	(88,444)	1,458,866	1,392,462
Investment income - net (including share of results of an associate)	-	-	-	-	1,937,919	1,107,681	124,273	99,571	-	-	-	-	33,474	9,799	(877,086)	(648,863)	1,218,580	568,188
Other income	-	231,672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	231,672
Finance costs	(246,780)	(129,558)	(2,443)	(3,651)	-	-	(26,390)	(6,875)	(34,842)	(20,947)	(37,349)	(41,470)	(10,717)	(3,729)	37,349	41,469	(321,172)	(164,761)
Finance costs on lease liabilities	(87,042)	(87,044)	(1,032)	(874)	-	-	(80,736)	(84,190)	(12,574)	(13,034)	(37,666)	(37,803)	(1,484)	(370)	75,699	76,067	(144,835)	(147,248)
Foreign exchange gains, net	-	-	-	-	-	-	46,843	37,330	-	-	-	-	-	-	-	-	46,843	37,330
Profit (loss) for the period	(275,195)	360,586	37,887	54,582	1,937,919	1,107,681	1,271,157	906,240	(53,618)	11,303	93,805	95,645	98,447	1,377	(852,120)	(619,771)	2,258,282	1,917,643
Capital expenditure	771,927	55,180	1,570	-	-	-	292,020	279,585	-	-	7,610	85,745	16,947	-	-	-	1,090,074	420,510

The following table presents the details of segmental assets and liabilities as at 30 September 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 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(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	(Reviewed) BD	(Audited) BD
Assets	14,529,557	15,257,728	94,592	410,147	25,215,577	24,568,182	18,218,407	17,812,066	1,605,268	1,715,669	3,537,937	3,761,557	3,670,740	3,987,961	(14,678,154)	#####	52,193,924	52,785,634
Liabilities	11,169,601	11,733,657	94,592	410,147	-	-	6,024,703	6,860,604	1,088,250	1,132,653	1,689,165	2,006,590	486,089	879,592	(2,697,840)	(3,512,303)	17,854,560	19,510,940

* New segment as a result of acquisition of Bahrain Livestock Company W.L.L 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 nine-month periods ended 30 September 2023 and 30 September 2022 respectively, are as follows:

	<i>Nine-month period ended</i>			
	<i>30 September 2023</i>			
	<i>Revenue</i>	<i>Purchases</i>	<i>Income</i>	<i>Expenses</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Companies with common directors	553,743	591,968	724,588	153,306
	<i>Nine-month period ended</i>			
	<i>30 September 2022</i>			
	<i>Revenue</i>	<i>Purchases</i>	<i>Income</i>	<i>Expenses</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Associated companies	8,950	-	-	742
Companies with common directors	389,893	600,216	341,466	137,412
	398,843	600,216	341,466	138,154

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

	<i>At 30 September 2023</i>		<i>At 31 December 2022</i>	
	<i>(Reviewed)</i>		<i>(Audited)</i>	
	<i>Due from</i>	<i>Due to</i>	<i>Due from</i>	<i>Due to</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Companies with common directors	221,403	161,627	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.

Compensation of key management personnel

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

	<i>Nine-month period ended</i>	
	<i>30 September (Reviewed)</i>	
	<i>2023</i>	<i>2022</i>
	<i>BD</i>	<i>BD</i>
Short-term benefits	275,208	263,126
Employees' end of service benefits	19,965	21,076
	295,173	284,202

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, 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.