

Trafco Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2024 (REVIEWED)

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

Introduction

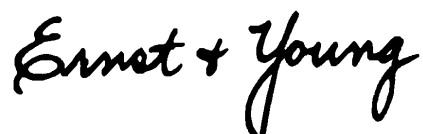
We have reviewed the accompanying interim condensed consolidated financial statements of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group") as at 30 June 2024, comprising of the related interim consolidated statement of profit or loss and other comprehensive income for the three and six-month periods then ended and interim consolidated statement of financial position as at 30 June 2024 and the related interim consolidated statements of cash flows and changes in equity for the six-month period then ended and explanatory notes. The Group's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ('IAS 34') "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

8 August 2024

Manama, Kingdom of Bahrain

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2024 (Reviewed)

	Notes	Three-month period ended		Six-month period ended	
		30 June		30 June	
		2024	2023	2024	2023
		BD	BD	BD	BD
Revenue from contracts with customers	4	11,943,513	11,538,964	24,452,590	23,608,781
Costs of revenue		(9,437,172)	(9,239,193)	(19,549,569)	(19,145,576)
GROSS PROFIT		2,506,341	2,299,771	4,903,021	4,463,205
Other operating income		30,201	30,789	78,456	84,956
Personnel costs		(1,099,353)	(1,114,284)	(2,271,412)	(2,161,578)
General and administration expenses		(303,982)	(282,351)	(568,356)	(557,243)
Selling and distribution expenses		(398,851)	(283,998)	(666,453)	(536,910)
Depreciation on property, plant and equipment		(93,882)	(99,764)	(193,598)	(201,089)
Depreciation on right-of-use assets		(54,859)	(53,502)	(108,350)	(102,938)
PROFIT FROM OPERATIONS		585,615	496,661	1,173,308	988,403
Investment income	5	357,368	341,378	1,056,211	1,075,709
Finance costs		(107,829)	(124,840)	(202,952)	(235,357)
Finance costs on lease liabilities		(51,149)	(49,240)	(102,605)	(97,006)
Foreign exchange gains, net		14,017	20,812	29,003	33,958
PROFIT OF THE GROUP FOR THE PERIOD		798,022	684,771	1,952,965	1,765,707
of which profit attributable to non-controlling interests		(195,082)	(183,873)	(391,949)	(384,626)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		602,940	500,898	1,561,016	1,381,081
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	6	8	7	21	19
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		102,921	57,816	102,921	107,888
- Net change in fair value of investment through other comprehensive income		(195,854)	(26,798)	(80,789)	199,133
		(92,933)	31,018	22,132	307,021
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
- Exchange differences on translation of foreign operations		(9,916)	(5,978)	(10,470)	(1,720)
Other comprehensive (loss) income for the period		(102,849)	25,040	11,662	305,301
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD		695,173	709,811	1,964,627	2,071,008
of which attributable to non-controlling interests		(174,373)	(175,714)	(385,123)	(389,222)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO GROUP B.S.C.		520,800	534,097	1,579,504	1,681,786

Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla Alsaleh
Vice Chairman

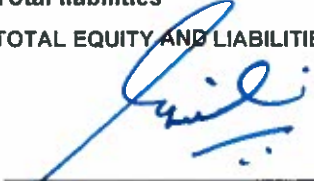


Azzam Moutragi
Group Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Trafco Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 (Reviewed)

	30 June 2024 (Reviewed) BD	31 December 2023 (Audited) BD
ASSETS		
Non-current assets		
Property, plant and equipment	11,246,654	10,066,355
Right-of-use assets	3,324,514	3,169,339
Investment at fair value through other comprehensive income	15,802,968	15,960,759
	<u>30,374,136</u>	<u>29,196,453</u>
Current assets		
Inventories	11,210,752	11,030,116
Right of return assets	44,935	44,733
Trade and other receivables	12,187,680	10,676,652
Cash, bank balances and short-term deposits	4,513,832	5,460,262
	<u>27,957,199</u>	<u>27,211,763</u>
TOTAL ASSETS	<u>58,331,335</u>	<u>56,408,216</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	20,806,888	20,488,607
Equity attributable to shareholders of Trafco Group B.S.C.	<u>30,554,251</u>	<u>30,235,970</u>
Non-controlling interests	5,788,768	5,403,645
Total equity	<u>36,343,019</u>	<u>35,639,615</u>
Non-current liabilities		
Lease liabilities	3,090,113	3,009,350
Employees' end of service benefits	1,581,995	1,550,553
Term loans	2,753,220	2,369,475
Retention payable	115,470	56,875
Government grant	37,298	37,298
	<u>7,578,096</u>	<u>7,023,551</u>
Current liabilities		
Trade and other payables	8,108,620	8,157,241
Import loans	4,025,606	3,416,930
Bank overdrafts	163,836	422,152
Lease liabilities	512,665	472,337
Contract and refund liabilities	482,883	372,338
Retention payables	115,470	56,875
Term loans	997,473	843,510
Government grant	3,667	3,667
	<u>14,410,220</u>	<u>13,745,050</u>
Total liabilities	<u>21,988,316</u>	<u>20,768,601</u>
TOTAL EQUITY AND LIABILITIES	<u>58,331,335</u>	<u>56,408,216</u>
		
Ebrahim Mohamed Ali Zainal Chairman	Yusuf Saleh Abdulla Alsaleh Vice Chairman	Azzam Moutragi Group Chief Executive Officer

The attached notes 1 to 12 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 2024 (Reviewed)

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	2024	2023
	BD	BD
OPERATING ACTIVITIES		
Profit of the Group for the period	1,952,965	1,765,707
Adjustments for:		
Investment income	(1,056,211)	(1,075,709)
Depreciation on property, plant and equipment	487,931	489,522
Depreciation on right-of-use assets	211,331	202,865
Finance costs	202,952	235,357
Finance costs on lease liabilities	102,605	97,006
Provision for employees' end of service benefits	123,042	104,282
Provision for slow moving and obsolete of inventories	55,569	30,152
Allowance for expected credit losses	120,161	64,055
Gain on disposals of property, plant and equipment	-	(12,288)
Operating profit before changes in working capital	2,200,345	1,900,949
Working capital changes:		
Inventories	(236,407)	(242,431)
Trade and other receivables	(1,631,189)	(1,821,458)
Trade and other payables	46,380	(950,963)
Retention payable	117,190	-
Contract and refund liabilities	110,545	62,735
Net cash generated from (used in) operations	606,864	(1,051,168)
Directors' remuneration paid	(120,000)	(102,500)
Employees' end of service benefits paid	(91,600)	(91,706)
Net cash flows generated from (used in) from operating activities	395,264	(1,245,374)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,668,230)	(575,928)
Proceeds from disposals of property, plant and equipment	-	14,584
Proceeds from disposals of investment at fair value through other comprehensive income	358,011	344,581
Additions to investment at fair value through other comprehensive income	(178,088)	(22,211)
Dividends and interest received	1,056,211	1,075,709
Net cash flows (used in) generated from investing activities	(432,096)	836,735
FINANCING ACTIVITIES		
Dividends paid	(1,261,223)	(1,112,844)
Term loans availed	1,000,000	1,300,000
Repayment of term loan	(462,292)	(316,531)
Import loans availed	6,014,898	6,465,801
Repayment of import loan	(5,406,222)	(6,565,713)
Finance costs paid on loans	(177,953)	(224,318)
Payment of principal portion of lease liabilities	(245,415)	(230,567)
Finance costs paid on lease liabilities	(102,605)	(97,006)
Net cash flows used in financing activities	(640,812)	(781,178)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(677,644)	(1,189,817)
Foreign currency translation adjustments - net	(10,470)	(1,720)
Cash and cash equivalents at 1 January	5,038,110	3,142,708
CASH AND CASH EQUIVALENTS AT 30 JUNE (A)	4,349,996	1,951,171

The attached notes 1 to 12 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 2024 (Reviewed)

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

	<i>Six-month period ended</i>	
	<i>30 June</i>	
	2024	2023
	BD	BD
Cash, bank balances and short-term deposits	4,513,832	3,368,706
Less: Bank overdrafts	(163,836)	(1,417,535)
	4,349,996	1,951,171

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024 (Reviewed)

	Attributable to shareholders of Trafco Group B.S.C.														
	Reserves													Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value reserves	Foreign currency reserves	Retained earnings - distributable	Retained earnings non-distributable	Proposed appropriations	Total reserves	Total Trafco's shareholders			
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	
Balance at 1 January 2024	8,067,505	(1,706,644)	3,386,502	4,033,753	1,615,000	8,483,180	(49,259)	4,597,974	496,736	1,311,223	20,488,607	30,235,970	5,403,645	35,639,615	
Profit for the period	-	-	-	-	-	-	-	1,561,016	-	-	1,561,016	1,561,016	391,949	1,952,965	
Other comprehensive income (loss) for the period	-	-	-	-	-	23,828	(5,340)	-	-	-	18,488	18,488	(6,826)	11,662	
Total comprehensive income (loss) for the period	-	-	-	-	-	23,828	(5,340)	1,561,016	-	-	1,579,504	1,579,504	385,123	1,964,627	
Dividends (note 9)	-	-	-	-	-	-	-	-	-	(1,261,223)	(1,261,223)	(1,261,223)	-	(1,261,223)	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	(50,000)	-	-	-	-	
Gain on disposal of investment at fair value through other comprehensive income	-	-	-	-	-	(102,580)	-	102,580	-	-	-	-	-	-	
Balance at 30 June 2024	8,067,505	(1,706,644)	3,386,502	4,033,753	1,665,000	8,404,428	(54,599)	6,261,570	496,736	-	20,806,888	30,554,251	5,788,768	36,343,019	

	Attributable to shareholders of Trafco Group B.S.C.														
	Reserves													Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value reserves	Foreign currency reserves	Retained earnings - distributable	Retained earnings non-distributable	Proposed appropriations	Total reserves	Total Trafco's shareholders			
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	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 through 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	

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 2023.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 8 August 2024.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2024 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 2023. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 2023, except for the new and amended standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- *IAS 7 and IFRS 7 - Supplier Finance Arrangements*
- *IFRS 16 - Lease liability in a sales and leaseback*
- *IAS 1 - Classification of liabilities as current and non-current*

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 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024 (Reviewed)

4 REVENUE

The following table presents the disaggregation of the Group's revenue for the three-month periods ended 30 June 2024 and 30 June 2023:

	<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>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</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	3,764,928	3,325,688	411,374	281,846	6,029,798	5,747,442	362,638	546,875	-	-	1,230,123	1,471,144	11,798,861	11,372,995
Rendering of services	-	-	-	-	-	-	-	-	144,652	165,969	-	-	144,652	165,969
	3,764,928	3,325,688	411,374	281,846	6,029,798	5,747,442	362,638	546,875	144,652	165,969	1,230,123	1,471,144	11,943,513	11,538,964
<i>Geographic markets</i>														
Bahrain	3,764,928	3,325,688	411,374	281,846	4,558,965	4,323,779	362,638	546,875	144,652	165,969	1,230,123	1,471,144	10,472,680	10,115,301
Kuwait and Saudi Arabia	-	-	-	-	1,470,833	1,423,663	-	-	-	-	-	-	1,470,833	1,423,663
	3,764,928	3,325,688	411,374	281,846	6,029,798	5,747,442	362,638	546,875	144,652	165,969	1,230,123	1,471,144	11,943,513	11,538,964
<i>Timing of revenue recognition</i>														
At a point in time	3,764,928	3,325,688	411,374	281,846	6,029,798	5,747,442	362,638	546,875	-	-	1,230,123	1,471,144	11,798,861	11,372,995
Over the time	-	-	-	-	-	-	-	-	144,652	165,969	-	-	144,652	165,969
	3,764,928	3,325,688	411,374	281,846	6,029,798	5,747,442	362,638	546,875	144,652	165,969	1,230,123	1,471,144	11,943,513	11,538,964

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024 (Reviewed)

4 REVENUE (continued)

The following table presents the disaggregation of the Group's revenue for the six-month periods ended 30 June 2024 and 30 June 2023:

	<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>	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Types of revenue														
Sale of goods	7,611,426	7,507,774	729,468	556,122	12,227,161	11,231,427	939,713	1,046,067	-	-	2,651,520	2,935,835	24,159,288	23,277,225
Rendering of services	-	-	-	-	-	-	-	-	293,302	331,556	-	-	293,302	331,556
	7,611,426	7,507,774	729,468	556,122	12,227,161	11,231,427	939,713	1,046,067	293,302	331,556	2,651,520	2,935,835	24,452,590	23,608,781
Geographic markets														
Bahrain	7,611,426	7,507,774	729,468	556,122	9,348,482	8,494,096	939,713	1,046,067	293,302	331,556	2,651,520	2,935,835	21,573,911	20,871,450
Kuwait and Saudi Arabia	-	-	-	-	2,878,679	2,737,331	-	-	-	-	-	-	2,878,679	2,737,331
	7,611,426	7,507,774	729,468	556,122	12,227,161	11,231,427	939,713	1,046,067	293,302	331,556	2,651,520	2,935,835	24,452,590	23,608,781
Timing of revenue recognition														
At a point in time	7,611,426	7,507,774	729,468	556,122	12,227,161	11,231,427	939,713	1,046,067	-	-	2,651,520	2,935,835	24,159,288	23,277,225
Over the time	-	-	-	-	-	-	-	-	293,302	331,556	-	-	293,302	331,556
	7,611,426	7,507,774	729,468	556,122	12,227,161	11,231,427	939,713	1,046,067	293,302	331,556	2,651,520	2,935,835	24,452,590	23,608,781

Trafco Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024 (Reviewed)

5 SEASONALITY OF RESULTS

Investment income for the six-month period ended 30 June 2024 amounting to BD 1,056,211 (2023: BD 1,075,709) 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>Six-month period ended</i>	
	<i>30 June (Reviewed)</i>		<i>30 June (Reviewed)</i>	
	2024	2023	2024	2023
Profit for the period attributable to shareholders of TRAFCO Group BSC – (BD)	602,940	500,898	1,561,016	1,381,081
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)	8	7	21	19

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 2024 and 31 December 2023:

<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>
<i>At 30 June 2024 (Reviewed)</i>			
Investments at fair value through other comprehensive income	-	15,802,968	15,802,968
Trade and other receivables	12,187,680	-	12,187,680
Cash, bank balances and short-term deposits	4,513,832	-	4,513,832
	16,701,512	15,802,968	32,504,480
<i>Financial assets</i>		<i>Fair value through other comprehensive income</i>	<i>Total</i>
<i>At 31 December 2023 (Audited)</i>			
Investments at fair value through other comprehensive income	-	15,960,759	15,960,759
Trade and other receivables	10,676,652	-	10,676,652
Cash, bank balances and short-term deposits	5,460,262	-	5,460,262
	16,136,914	15,960,759	32,097,673

7 FINANCIAL INSTRUMENTS (continued)

	30 June 2024 (Reviewed) BD	31 December 2023 (Audited) BD
Financial liabilities at amortised cost		
Trade and other payables	8,108,620	8,157,241
Import loans	4,025,606	3,416,930
Lease liabilities	3,602,778	3,481,687
Bank overdrafts	163,836	422,152
Term loans	3,750,693	3,212,985
	19,651,533	18,690,995

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 2024 and as at 31 December 2023, 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 2024 and as at 31 December 2023.

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 2024 and as at 31 December 2023.

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 2024 (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	9,424,080	-	-	9,424,080
- Unquoted equity investments	-	-	6,378,888	6,378,888
	9,424,080	-	6,378,888	15,802,968
	31 December 2023 (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	9,489,932	-	-	9,489,932
- Unquoted equity investments	-	-	6,470,827	6,470,827
	9,489,932	-	6,470,827	15,960,759

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 30 June 2024 and as of 31 December 2023.

During the six-month period ended 30 June 2024 and year ended 31 December 2023, 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
	2024	2023
	(Reviewed)	(Audited)
	BD	BD
At beginning of the period / year	6,470,827	4,838,534
Change in fair values	(75,439)	1,632,293
Disposal of shares	(16,500)	-
At end of the period / year	6,378,888	6,470,827

9 DIVIDENDS

At the annual general meeting of the shareholders held on 27 March 2024, a final cash dividend of 17 fils per share, excluding treasury shares, totaling BD 1,261,223 for the year ended 31 December 2023 was declared and paid (30 June 2023: At the annual general meeting of the shareholders held on 29 March 2023, a final cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,112,844 for the year ended 31 December 2022 was declared and paid.)

10 COMMITMENTS AND CONTINGENCIES

The Group has capital expenditure commitments of BD 549,901 as of 30 June 2024 (31 December 2023: BD 1,753,376).

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 2024 amounted to BD 832,627 (31 December 2023: BD 832,627).

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
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, 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 2024 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 1,470,833 (2023: BD 1,423,663) and profit for the three-month period ended 30 June 2024 amounted to BD 44,333 (2023: BD 57,330). 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 2024 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,878,679 (2023: BD 2,737,331) and profit for the six-month period ended 30 June 2024 amounted to BD 84,573 (2023: BD 134,579). 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 2024, total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,675,939 (31 December 2023: BD 2,394,586) and total liabilities amounted to BD 2,542,496 (31 December 2023: BD 2,261,144). 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 2024 (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 2024 and 30 June 2023:

	<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>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</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	3,764,928	3,325,688	411,374	281,846	-	-	6,029,798	5,747,442	362,638	546,875	144,652	165,969	1,230,123	1,471,144	-	-	11,943,513	11,538,964
Revenue - inter segments	123,236	10,046	-	-	-	-	23,141	17,100	11,841	19,190	77,274	47,135	380	-	(235,872)	(93,471)	-	-
Total revenue	3,888,164	3,335,734	411,374	281,846	-	-	6,052,939	5,764,542	374,479	566,065	221,926	213,104	1,230,503	1,471,144	(235,872)	(93,471)	11,943,513	11,538,964
Costs of revenue (excluding depreciation)	(3,237,648)	(2,832,807)	(333,981)	(237,842)	-	-	(4,408,707)	(4,263,639)	(318,833)	(487,034)	(63,467)	(53,827)	(1,041,711)	(1,220,260)	166,245	51,420	(9,238,102)	(9,043,989)
Gross profit	650,516	502,927	77,393	44,004	-	-	1,644,232	1,500,903	55,646	79,031	158,459	159,277	188,792	250,884	(69,627)	(42,051)	2,705,411	2,494,975
Other operating income	8,231	15,002	300	318	-	-	8,143	5,243	24,374	15,187	1,876	2,390	1,074	9,246	(13,797)	(16,597)	30,201	30,789
Other expenses (excluding depreciation)	(531,163)	(475,019)	(22,588)	(20,723)	-	-	(1,008,404)	(917,433)	(71,994)	(77,964)	(21,277)	(18,176)	(177,897)	(189,873)	31,137	18,555	(1,802,186)	(1,680,633)
Depreciation on property, plant and equipment	(28,407)	(31,059)	(144)	(630)	-	-	(121,197)	(121,583)	(10,407)	(10,279)	(75,386)	(75,799)	(1,795)	(1,529)	(4,127)	(4,127)	(241,463)	(245,006)
Depreciation on right-of-use assets	(29,047)	(27,517)	(6,093)	(7,756)	-	-	(73,300)	(68,443)	(4,814)	(3,930)	(12,287)	(8,868)	(2,841)	(1,777)	22,034	14,827	(106,348)	(103,464)
(Loss) profit from operations	70,130	(15,666)	48,868	15,213	-	-	449,474	398,687	(7,195)	2,045	51,385	58,824	7,333	66,951	(34,380)	(29,393)	585,615	496,661
Investment income	-	-	-	-	661,180	639,585	17,533	17,075	-	-	-	-	10,544	5,249	(331,889)	(320,531)	357,368	341,378
Finance costs	(93,796)	(89,878)	(1,522)	(924)	-	-	(425)	(17,892)	(8,049)	(12,031)	(6,252)	(11,888)	(4,038)	(4,431)	6,253	12,204	(107,829)	(124,840)
Finance costs on lease liabilities	(30,446)	(29,012)	(243)	(319)	-	-	(28,435)	(27,932)	(5,243)	(4,191)	(16,755)	(12,556)	(281)	(495)	30,254	25,265	(51,149)	(49,240)
Foreign exchange gains - net	-	-	-	-	-	-	14,017	20,812	-	-	-	-	-	-	-	-	14,017	20,812
(Loss) profit for the period	(54,112)	(134,556)	47,103	13,970	661,180	639,585	452,164	390,750	(20,487)	(14,177)	28,378	34,380	13,558	67,274	(329,762)	(312,455)	798,022	684,771

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024 (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 2024 and 30 June 2023:

	<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>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</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	7,611,426	7,507,774	729,468	556,122	-	-	12,227,161	11,231,427	939,713	1,046,067	293,302	331,556	2,651,520	2,935,835	-	-	24,452,590	23,608,781
Revenue - inter segments	198,878	13,120	-	-	-	-	46,353	52,691	38,609	30,401	146,641	87,932	380	-	(430,861)	(184,144)	-	-
Total revenue	7,810,304	7,520,894	729,468	556,122	-	-	12,273,514	11,284,118	978,322	1,076,468	439,943	419,488	2,651,900	2,935,835	(430,861)	(184,144)	24,452,590	23,608,781
Costs of revenue (excluding depreciation)	(6,537,097)	(6,419,349)	(584,646)	(466,968)	-	-	(9,089,650)	(8,468,511)	(811,092)	(919,664)	(113,060)	(110,849)	(2,306,000)	(2,483,402)	289,290	111,527	(19,152,255)	(18,757,216)
Gross profit	1,273,207	1,101,545	144,822	89,154	-	-	3,183,864	2,815,607	167,230	156,804	326,883	308,639	345,900	452,433	(141,571)	(72,617)	5,300,335	4,851,565
Other operating income	22,189	21,534	600	934	-	-	27,184	47,433	44,107	30,595	3,664	4,738	4,151	11,045	(23,439)	(31,323)	78,456	84,956
Other expenses (excluding depreciation)	(1,005,727)	(949,677)	(43,906)	(41,322)	-	-	(1,990,951)	(1,742,554)	(147,534)	(152,488)	(41,060)	(37,076)	(337,477)	(355,756)	60,434	23,142	(3,506,221)	(3,255,731)
Depreciation on property, plant and equipment	(57,778)	(63,044)	(288)	(1,265)	-	-	(246,886)	(241,851)	(20,583)	(20,593)	(150,750)	(151,991)	(3,392)	(2,524)	(8,254)	(8,254)	(487,931)	(489,522)
Depreciation on right-of-use of assets	(58,094)	(55,036)	(12,186)	(15,512)	-	-	(145,367)	(133,422)	(9,564)	(7,861)	(24,575)	(17,738)	(5,616)	(3,554)	44,071	30,258	(211,331)	(202,865)
Profit (loss) from operations	173,797	55,322	89,042	31,989	-	-	827,844	745,213	33,656	6,457	114,162	106,572	3,566	101,644	(68,759)	(58,794)	1,173,308	988,403
Investment income	-	-	-	-	1,628,386	1,569,365	81,507	83,355	-	-	-	-	26,510	26,464	(680,192)	(603,475)	1,056,211	1,075,709
Finance costs	(172,097)	(177,230)	(2,277)	(1,892)	-	-	(1,736)	(24,479)	(17,914)	(23,850)	(14,060)	(24,566)	(8,928)	(8,348)	14,060	25,008	(202,952)	(235,357)
Finance costs on lease liabilities	(60,815)	(58,119)	(522)	(741)	-	-	(57,202)	(54,188)	(10,495)	(8,397)	(33,510)	(25,111)	(570)	(990)	60,509	50,540	(102,605)	(97,006)
Foreign exchange gains, net	-	-	-	-	-	-	29,003	33,958	-	-	-	-	-	-	-	-	29,003	33,958
Profit (loss) for the period	(59,115)	(180,027)	86,243	29,356	1,628,386	1,569,365	879,416	783,859	5,247	(25,790)	66,592	56,895	20,578	118,770	(674,382)	(586,721)	1,952,965	1,765,707
Capital expenditure	1,206,944	375,855	-	-	-	-	421,211	184,559	19,400	-	12,643	2,517	8,032	12,997	-	-	1,668,230	575,928

The following table presents the details of segmental assets and liabilities as at 30 June 2024 and as at 31 December 2023:

	<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>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</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	17,499,256	16,258,972	85,552	89,748	26,901,026	26,358,308	19,943,253	19,435,290	1,657,242	1,693,380	3,694,765	3,478,652	3,827,851	3,546,421	(15,277,610)	(14,452,555)	58,331,335	56,408,216
Liabilities	14,084,268	12,627,800	85,552	89,748	-	-	7,097,455	7,454,978	1,165,301	1,198,432	1,747,053	1,597,533	667,783	431,576	(2,859,096)	(2,631,466)	21,988,316	20,768,601

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024 (Reviewed)

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 2024 and 30 June 2023 respectively, are as follows:

	<i>Six-month period ended 30 June 2024</i>			
	<i>Revenue BD</i>	<i>Purchases BD</i>	<i>Income BD</i>	<i>Expenses BD</i>
Companies with common directors	474,704	1,571,563	724,625	108,766
	<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

Balances with related parties included in the interim consolidated statement of financial position as at 30 June 2024 and as at 31 December 2023, are as follows:

	<i>At 30 June 2024 (Reviewed)</i>		<i>At 31 December 2023 (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	207,066	439,094	208,278	267,308

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 six-month period ended was as follows:

	<i>Six-month period ended 30 June (Reviewed)</i>	
	<i>2024 BD</i>	<i>2023 BD</i>
Short-term benefits	218,318	200,754
Employees' end of service benefits	15,123	14,872
	233,441	215,626