



## **Press Release**

### **Trafco Group Annual General Meeting for the year 2020**

The Annual General Meeting (AGM) of Trafco Group for the year 2020 was held on Monday the 29<sup>th</sup> March 2021, through virtual Zoom meeting in compliance with the government guidelines issued, and the quorum was completed with the presence of 72.09% of the shareholders, and with the virtual participation of the representatives of the Ministry of Commerce and Industry and Tourism, the Central Bank of Bahrain, Bahrain Bourse, Kfin Technologies (Shares Registrar) and representatives of the external auditors M/S. Ernst & Young.

The AGM reviewed and discussed the agenda that was previously published in the local newspapers and approved all items including the Board of Directors' recommendation to distribute cash dividends to shareholders for the financial year ended 31 December 2020 at a rate of 15% of the nominal value of the share, i.e. 15 fils for each share amounting to BD 1,116,366, in addition to the proposed transfers to the statutory reserve of BD 110,453, the general reserve of BD 50,000 and the remuneration of the Board of Directors of BD 92,250 and an appropriation for charitable donations amounting to BD 50,000. The cash dividends will be distributed to the shareholders registered in the company's records on the record date with payment date on 15 April 2021 as previously published in the local newspapers.

The Chairman of the Board of Directors Mr. Ebrahim Zainal, in his report submitted to the AGM touched upon the steps taken by the committee formed under the chairmanship of His Royal Highness the Crown Prince and Prime Minister to address the Covid19 pandemic that has swept the world and praised the strict decisions and precautionary measures taken by the Government to prevent the spread of the pandemic. He also appreciated the financial support provided by the government to all local companies and establishments to reduce their financial burdens and to enable them to withstand these difficult circumstances and continue to work and maintain the national economy. He placed on record the appreciation and gratitude for the financial support received by Trafco Group



of companies to the tune of BD 563,000. He also pointed out that as per the group's policy on corporate social responsibility an amount of BD 30,000 was contributed for the charity campaign that was implemented by the Royal Charity Organization to support those affected by the pandemic in the Kingdom of Bahrain.

As for the commercial activity, the Chairman indicated that the pandemic has adversely affected the movement of goods and despite the decline in some prices at the beginning of the financial year due to drop in fuel prices, the prices of most of the basic commodities such as sugar, vegetable oil and dairy products increased. Further due to shortage of containers worldwide, the container freight rates also shot up. The total sales volume of the parent company and its subsidiaries decreased in varying proportions as a result of the total or partial closure of the hotels, restaurants, and catering (HORECA) sector, the cessation of passenger traffic on the King Fahad Causeway and the shrinking of the number of consumers in general. The group was able to maintain a sale of about BD 37 million this year compared to BD 38 million last year, a decrease of about 3%, but the net profit was reported at BD 1.44 million compared to BD 1.37 million of the previous year, an increase of about 5%. The income from the Investment portfolio decreased to BD 669,000 compared to BD 683,000 last year. In addition the group achieved a net profit on sale of investments at BD 77,000, which was not included in the statement of income but was included in the shareholders' equity in compliance with the new IFRS requirements. Trafco Group was able to obtain the international HACCP and ISO 22000: 2005 certification during the year.

As for associate and subsidiary companies, their results were mixed and there was an overall decline in profitability due to the current circumstances. The sales of Awal Dairy Company in the Kingdom of Saudi Arabia were affected due to the increase in the value-added tax (VAT) from 5% to 15%. However, sales in both the local market and the Kuwait were good. Awal Dairy Company continued its export operations to new markets in the African continent and was also able to obtain new contracts for the production of some products under local and international brands. The company took a decision to invest up to BD 400,000 to purchase new packaging equipment in order to expand the export market. As for Bahrain Water Bottling and Beverages Company, despite its overall achievement of sales volume, the stiff price competition has negatively affected the gross profit margin





and this company is also in the process of expanding its production capacity by purchasing new equipment with an investment of about BD 260,000 which is expected to be completed by the middle of this year. As for both the Bahrain Fresh Fruits Company and the Metro Markets Company, the results continued to be negative and the management is taking necessary steps to restructure and improve performance while Trafco Logistics Company maintained its market share and achieved profits up to BD 106,000, down about 8% from the previous year.

The Chairman noted that the group is looking forward to better market conditions in the coming year and is working hard to improve its performance and its subsidiary companies to achieve better results for shareholders. The group would like to confirm that it adheres to all the requirements of governance and transparency. Shareholders were informed during the meeting through the detailed annual report about the Corporate Governance and related party transactions according to the requirements of the law for the year 2020 and all the necessary details including the participation and attendance of members of the Board of Directors in the meetings and the remuneration to them and to the Executive Management, have been included in the Corporate Governance Report.

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