



GROWTH

Driven by excellence.



مجموعة ترافكو ش.م.ب.
Trafco Group B.S.C.



Unifying strengths
for a better tomorrow



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His Royal Highness
Prince Salman bin
Hamad Al Khalifa
The Crown Prince
and Prime Minister
of the Kingdom of Bahrain



His Majesty
King Hamad bin
Isa Al Khalifa
King of the Kingdom of
Bahrain

Company Profile

45 years of exceptional service

Trafco Group B.S.C (TRAFCO) was incorporated in the year 1977 as a public joint stock company as part of an initiative to revolutionize and rejuvenate the food industry of the Kingdom of Bahrain. The Company was successfully turned into Public Share Holding Company with initial public offering in 1980 and was later listed in Bahrain Bourse. In the last 4 decades the Company en route to success has achieved several milestones and has earned itself the reputation of being one among the major Fast Moving Consumer Goods (FMCG) industries in the Kingdom of Bahrain. Born out of a vision to be at the forefront of the food industry, TRAFCO is today a household name synonymous with some of the finest food products locally produced or imported from worldwide. Moreover, being one of the oldest food companies in Bahrain, it has gained trust and admiration for its commitment to quality, value and service excellence.

Serving Bahrain with the best from across the globe

The core business of the group is import & distribution of food & non-food products, manufacturing, logistics & related activities and with group annual sales turnover of over US\$ 100 million. TRAFCO is one of the largest & biggest FMCG conglomerates in Bahrain with an extensive range of products comprising of canned, frozen & dry food and nonfood products, general commodities, Eggs, fresh fruits and vegetables as well as chilled & frozen meat imported from countries such as Australia, Brazil, Europe, the Far East, India, UK, USA, Pakistan, Turkey besides Arab and the Middle East countries. With stringent and reliable quality control systems in place, TRAFCO continues to introduce many world-renowned brands with the assurance of excellent quality and exceptional service. Trafco is accredited with the internationally recognized certificate of ISO 22000:2018 and HACCP in FMCG handling, storage and distribution.

Success through synergy

As part of its vision to become a dominant player in the food industry, TRAFCO is propelling its expansion through organic and inorganic growth. TRAFCO invested in developing the food industry of Bahrain by acquiring BWBB, BFFC, Metro Markets, Trafco Logistics Co. (TLC), Bahrain Livestock Company and by owning majority stake in Awal Dairy Company W.L.L., and BANZ Group. To serve Bahrain's objective of economic integration among GCC countries, Kuwait Bahrain Dairy Company was established in 1992 in Kuwait as a wholly owned subsidiary of Awal Dairy. Awal Dairy exports its products to Kuwait, Saudi Arabia, UAE, Jordan, Iraq, Yemen, North & West Africa and Latin America. Awal Dairy expanded its operations in Kingdom of Saudi Arabia. The Metro Market division is a retail arm of Trafco. Spanning across various parts of Bahrain, Metro is undoubtedly one of the rapidly expanding customers friendly market by adding more outlets, year on year in the Kingdom and offering Trafco's major products at competitive price. Further, during June 2022, BLSC became wholly owned 100% subsidiary of Trafco Group, earlier it was an associate company.

BWBB: Bahrain Water Bottling & Beverages, 100% subsidiary of TRAFCO has received HACCP certificate & ISO 22000:2018 for the quality of water it produces, awarded by institutions specializing in water analysis supported by Saudi and the Gulf standards. BWBB is one among very few companies in Bahrain that are into manufacturing and bottling of mineral water with strict adherence to quality control. BWBB is the market leader in the water bottling industry and TYLOS is the brand leader in the segment in addition to other brands like Selsabil, MARWA and Cloud9. Apart from the private labeling business, the

company is also manufacturing 'metro' brand in its production line which is marketed by Trafco. The Company is also trading in juice products and potato chips which are well accepted in the market.

BFFC: Bahrain Fresh Fruits Company, was acquired in the year 2009 and is 100% subsidiary of TRAFCO. The Company was incorporated in the year 1998 and with its state-of-the-art infrastructure along with a dedicated & committed workforce has become a dominant player in the FMCG sector. BFFC is very active in two core food businesses – one being import and distribution of fresh fruits & vegetables and the other, import and distribution of frozen, chilled & dry food and non-food products. Our fruits & vegetables division is one of the biggest in Bahrain with largest banana ripening chambers. Few of the brands to reckon with in FMCG division are Bridel from Lactalies Europe, and Chiquita & Fruits brand bananas from Ecuador, Unef Chicken from Brazil.

Trafco Logistics: Trafco Logistics Company, which commenced its operation in May 2010 is conveniently located in Galali. It has received HACCP certificate & ISO 22000:2018 for the category of "Receiving, Storage & Distribution of Dry, Chilled and Frozen food products". The US\$ 14 million logistics complex is a wholly owned subsidiary of TRAFCO which is focusing on 3PL. This state-of-the-art logistic facility with sophisticated technology and exceeding 20,000 cubic meter space with Frozen, Chilled and Dry facilities located in close proximity to the airport and the new seaport of Khalifa Bin Salman port in Muharraq has propelled TRAFCO into the elite group of logistic solution providers in Bahrain. The Group has identified to expand additional frozen storage facility of 2,500 sq meter at a cost of BD 3 millions since its customer base is increasing including contracts with government institutions.

BLSC: Bahrain Livestock Company was established in year 2000. It was partially owned by TRAFCO as an associate and effective from June 2022 TRAFCO GROUP acquired 100% ownership in this company. This company owned the central slaughterhouse of Bahrain, with major imports of livestock mainly from Australia as well as importing and distributing chilled & frozen meat. The Company concentrates on frozen & chilled meat and is expanding to value added activities in the fresh meat sector apart from diversifying into import and sale of other food commodities.

Awal Dairy: The first dairy company in Bahrain incorporated in the year 1963, TRAFCO holds 51% shareholding in Awal Dairy. The Company is a HACCP & ISO 22000:2018 certified company and adheres to international food and safety standards. Latest technology, innovative & excellent products, proficient manpower, sophisticated logistics and outstanding customer care have made Awal Dairy the market leader in Bahrain. Awal Dairy offers a novel range of fruit juices and drinks, fresh milk under brand name "Noor", UHT milk under brand name "Awal" and "Fabion" ice creams in addition to other value-added products. The Company, with a workforce of around 300 people and with a combined production capacity of over 100,000 metric tons is one among the major dairies in the GCC region. The Company increased its export market share covering 18 countries including North & West Africa, Yemen and Latin America in addition to its export to GCC countries, Jordan and Iraq.

Glimpse of the future

Success, as we all know, is not the destination but an ongoing process. We, at TRAFCO, strongly believe in this philosophy. The reason why, the Company is all set to expand further in the future, thus, underscoring the management's objectives to serve not only the local market but also across the GCC region.

Nurturing the seeds of positive growth

SWOT Analysis

Strength

- 45 years of presence with infrastructure facilities including logistics services
- Key Customer Base

Weakness

- Dependability on few major brands

Opportunities

- Access to all sources of vendors, manufacturers and growers all over the world
- Scope to diversify into related market segments
- Distribution channels seeking new products

Threats

- Growing competition by small and medium players in the same sector
- Price sensitive market

Key Business Plan

- Diversifying into sectors of private labelling
- Accelerate new product launches, brands, agencies, distributions
- Expand management team in sales/marketing
- Strengthen human resources functions
- Seek new market segments in food category
- Locate new corporate premises
- Participating in trade shows and fairs
- Develop overseas market entry plans
- Expansion in the export market

Vision

TRAFCO to be recognized as a household name synonymous with finest food products in the GCC.

Mission

To ensure customer satisfaction by delivering superior quality products, the highest level of service and diverse range of world-leading brands at the most competitive prices.

Values

The company is guided by the following core values in its endeavour to realize its corporate vision:

Teamwork
Reliability
Accountability
Fairness
Commitment
Optimum Value

Strategic Goals

Backed by strong financial stability, support of the stakeholders, team of professionals HR, IT, Finance, Storage and efficient fleet management system, TRAFco group strives to enhance their business by diversifying into various segments in food category.

Committed to empowering a brighter future

Share Capital

Authorised Capital	BD	10,000,000
Issued and Paid Up Capital	BD	8,067,505

Board of Directors

1) Ebrahim Mohamed Ali Zainal	Chairman
2) Yusuf Saleh Abdulla Alsaleh	Vice Chairman
3) Dr. Esam Abdulla Yousif Fakhro	Director
4) Jehad Yusuf Abdulla Amin	Director
5) Fuad Ebrahim Khalil Kanoo	Director
6) A. Redha Mohamed Redha Aldailami	Director
7) Ebrahim Salahuddin Ahmed Ebrahim	Director
8) Sami Mohammed Yusuf Jalal	Director
9) Ali Yusuf A.Rahman A.Rahim	Director
10) Sofyan Khalid Almoayed	Director

Executive Management

1) Azzam Moutragi	Group Chief Executive Officer
2) R. Balasubramanian	Group Financial Controller
3) Aloysius Noronha	Operations Manager
4) Layla Darwish	Group Human Resources Manager
5) Sequeira Francisco	Maintenance Manager
6) Wael Ahmed	Stores Manager
7) Surendran Ramesh	Finance Manager
8) Fatima Bushihri	Board Secretary & Compliance Acting Corporate Governance Officer



ترافكو اللوجستية ش.م.و.
TRAFKO LOGISTICS S.P.C.

Group Companies

1) Abdul Azeez Karinkalimma	Operations Manager - Bahrain Fresh Fruits Company W.L.L.
2) Raju Joseph	Operations Manager - Trafco Logistics Company W.L.L.
3) B.T. Mohan	Operations Manager - Bahrain Water Bottling & Beverages Company W.L.L.
4) Maki Hasan Laith	Operations Manager - Bahrain Livestock Company W.L.L.
5) Gustavo Furtado	Operations Manager - FSD, Bahrain Livestock Company W.L.L.

Banks

- 1) National Bank of Bahrain
- 2) Ahli United Bank Bahrain
- 3) Mashreq Bank
- 4) Arab Bank
- 5) Habib Bank
- 6) Bank of Bahrain and Kuwait
- 7) National Bank of Kuwait
- 8) Bahrain Islamic Bank

Subsidiary Companies

	Place of Incorporation	Effective Ownership Interest
1) Bahrain Water Bottling & Beverages Company W.L.L.	Bahrain	100%
2) Bahrain Fresh Fruits Company W.L.L.	Bahrain	100%
3) Trafco Logistics Company W.L.L.	Bahrain	100%
4) Bahrain Livestock Company W.L.L.	Bahrain	100%
5) Awal Dairy Company W.L.L.	Bahrain	51%
6) Kuwait Bahrain Dairy Company W.L.L. (98% Owned By Awal Dairy Company W.L.L.)	Kuwait	50%

Associate Companies

	Place of Incorporation	Effective Ownership Interest
Qatari Bahraini Food Trading Company L.L.C.	Qatar	50% (under Liquidation)



Board of Directors



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Alsaleh
Vice Chairman



Dr. Esam Abdulla Yousif Fakhro
Director & Executive Committee Member



Jehad Yusuf Abdulla Amin
Director & Executive Committee Member

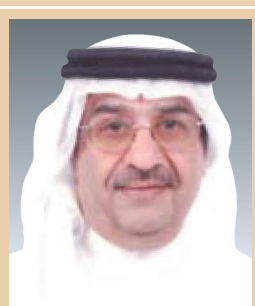


Fuad Ebrahim Khalil Kanoo
Director

Board of Directors



A. Redha Mohamed Redha Aldailami
Director



Ebrahim Salahuddin Ahmed Ebrahim
Director



Sami Mohammed Yusuf Jalal
Director



Ali Yusuf A. Rahman A. Rahim
Director



Sofyan Khalid Almoayed
Director

Management Team

Trafco Executive Management



Azzam Moutragi
Group Chief Executive Officer



R. Balasubramanian
Group Financial Controller



Layla Darwish
Group Human Resources Manager



Sequeira Francisco
Maintenance Manager



Wael Ahmed
Stores Manager



Surendran Ramesh
Finance Manager



Fatima Bushihri
*Board Secretary & Compliance,
Acting Corporate
Governance Officer*

Management Team

Group Companies Operations Management



Aloysius Noronha
Operations Manager
Trafco Group B.S.C.



Abdul Azeez Karinkalimmal
Operations Manager,
Bahrain Fresh Fruits
Company W.L.L.



Raju Joseph
Operations Manager,
Trafco Logistics
Company W.L.L.



B.T. Mohan
Operations Manager,
Bahrain Water Bottling &
Beverages Company W.L.L.



Maki Hasan Laith
Operations Manager,
Bahrain Livestock
Company W.L.L.



Gustavo Furtado
Operations Manager - FSD,
Bahrain Livestock
Company W.L.L.

Report of the Board of Directors



Upholding the values of sustainable growth

In the name of Allah, Most Gracious, Most Merciful

The consequences of the Covid-19 pandemic and its repercussions on global commodities market and global food supplies continued during the past year, and despite the decline in the severity of the pandemic and the improvement in the performance of the logistical supply chain during middle of the year; the Russian-Ukrainian crisis and the importance of resources from these two countries in the global food trade sector, had a significant negative impact on the price levels.

During most of the past year, global markets suffered from the non-availability of basic commodities such as grains and vegetable oils, and the prices of these commodities increased. The increase in the prices of poultry and animal feed inputs caused a significant and unprecedented rise in the prices of meat, frozen chicken, and dairy products, in addition to a significant jump in the prices of edible oils in general. All these coincided with the increase in fuel prices because of the war and the rise in gas and electricity prices for factories in Europe, which put pressure on production capacity and production costs in many of these countries.

Prices gradually declined during the last quarter of the year, especially with the decline in the volume of consumption and demand for foodstuffs in China due to the continued complete or intermittent closure in many Chinese cities. On the other hand, the tourism movement to Bahrain gradually returned during the year to its former level, and social activities resumed actively, and seminars and conferences were held, which revived the catering and hotels sector, and thus had a positive impact on the volume of demand for food and consumer products. Moreover, as a result of the repercussions of the pandemic, and international price fluctuations as well as bank interest rates started to increase during the year, several institutions in the wholesale and/or retail sector of food commodities were affected by the decline in their cash flow liquidity.

Trafco Group and its subsidiaries maintained its local expansion. The accounts of the Bahrain Livestock Company were fully consolidated with the group's accounts for the first year after the group acquired all the shares of the other shareholders, during the year. The group's total sales for the fiscal year December 31, 2022, amounted to BD 42.6 million, an increase of 19% compared to the previous year BD 35.7 million. The net profit for the year amounted to BD 1.54 million, with an increase of 18% compared to the previous year, BD 1.30 million. The total equity attributable to the shareholders of Trafco amounted to BD 28.3 million compared to the previous year, BD 27.5 million. The realized profit from the sale of shares of the group amounted to BD 36k, which was included in the shareholders' equity as per IFRS requirements.

Awal Dairy Company W.L.L.

The sister company's total sales for this year amounted to BD 18.26 million, with an increase of 21 % as compared to BD 15.09 million in the previous year. During the last quarter of the fiscal year, the other dairy companies increased their prices substantially in the Kingdom of Bahrain due to increase in their cost. As for Awal Dairy Company, although it was affected by the high prices of raw materials and packaging in the global markets, the Board of Directors decided to keep its previous price levels as it was, without increasing, due to the availability of its earlier purchased stocks of raw material, which was well received by the consumers in the Kingdom of Bahrain. The sales department was able to achieve an increase in the sales by product at

Report of the Board of Directors

different rates ranging between 10-20% compared to the previous year, but on the other hand, the company's gross profit margin declined sharply, especially with the depletion of earlier raw material stock quantities in the last months of the fiscal year. The company's branches in the State of Kuwait and the Eastern Province of the Kingdom of Saudi Arabia continue to intensify its sales volume, and new markets outside the region have been gained. The company expands its business to package some products, especially tomato paste, under private labels for local and regional food companies and establishments. A new packing line for this product is expected to be added during the new year, at a cost of approximately BD 400k.

Bahrain Livestock Company W.L.L.

As it was announced earlier, the Trafco Group acquired all the shares of the other shareholders in Bahrain Livestock Company during the financial year, as against its previous stake of 36.26%, now it owns 100% of the company's capital and accordingly, starting from the second quarter of the year the financials of Bahrain Livestock company were consolidated with Trafco Group financials, in compliance with international accounting standards. As a result of the acquisition and the fair value of the assets to comply with IFRS 3 requirements for consolidation, the Group achieved an exceptional one-time profit this year amounting to BD 232k, which was added to the consolidated profit and loss account. The group has restructured the management and board of directors and expects that the new structure will have wider activity in the field of meat trade and industry besides managing the owned central slaughterhouse in Sitra. The company has already intensified its activity during the last quarter of the year in importing several shipments of live sheep in addition to the normal import of chilled and frozen meat.

Trafco Logistics Company W.L.L.

The demand for storage services continued, especially for refrigerated and frozen foodstuffs, because of instability of shipping operations, the impact of commodities supplies, and the increase in demand for frozen items in general. Despite the intense competition with other companies and the price war, the subsidiary managed to achieve a net income from storage fees of BD 870k compared to BD 782 k in the previous year, with an increase of 11%. The net profit was BD 117 k compared to BD 66 k in the previous year, an increase of 77%. Due to the limited storage space available for leasing or for the use of group subsidiaries, the Board of Directors decided to implement its earlier decision to build new warehouses in the company's current location in Samaheej area of Muharraaq, and as previously announced after obtaining approval from Edamah, owned by Mumtalakat to extend the lease agreement for another 15 years. Indeed, the project plans were completed in the last quarter of the year, and the project was called for tender with national contracting companies. The final cost of this expansion is expected to be around BD 3 million, including construction and equipment, and the construction period of about 18 months. This expansion will provide additional storage space for more than 200 containers of refrigerated and frozen foodstuffs.

Bahrain Water Bottling and Beverages Company W.L.L.

The demand for bottled water is increasing dramatically, but at the same time, the number of companies and factories that produce and distribute in this segment is increasing, as the number of approved companies for bottling water in the Kingdom of Bahrain is more than 15 factories, in addition to import from the other countries of the region and the world. As a result, competition in prices intensified, and on the other hand, the cost of production increased due to the cost increase in plastic materials used in the manufacturing of the bottles.

Despite the increase in the sales volume to reach BD 1.66 million this year compared to BD 1.52 million in the previous year, an increase of 10%, the gross profit margin declined significantly because of the high raw material cost, which caused the company to record a loss this year amounting to BD 37 k compared to net profit of BD 20k in the previous year. The company has invested around BD 323 k in new equipment to upgrade its production and operations during the years 2021 and 2022.

Bahrain Fresh Fruits Company W.L.L.

This company maintained its total sales and its share of the wholesale market for fruits and vegetables, in addition to selling other frozen food commodities. The total sales amounted to BD 2.2 million, with a slight increase compared to the previous year, which was BD 2.1 million. However, due to the decline in the gross profit margin, the result of the company's profit declined significantly. The company recorded a net profit of BD 1.3k as compared to BD 24k of the previous year. The executive management is taking steps to restructure the company and working to expand its activities and achieve better profits during the coming year.

Report of the Board of Directors

Related matters to Corporate Governance and Social Responsibility.

The group complies with all the requirements of governance, and there are specialized committees from the Board of Directors and the Executive Management that follow up on these matters periodically and take the necessary measures to implement any instructions or observations made by the supervisory and financial control authorities, the internal or external auditor. The attached financial report shows in detail the group's commitment to the requirements of governance and information about the members of the Board of Directors, management and their activity and participation in the group's committees or companies. The Board of Directors would also like to inform the shareholders that some of the members of the Board of Directors, in their personal capacity have an interest or have stakes in companies that have been engaged, for a long time in similar business to some or all the goods and activities of the Group and its subsidiaries. At the same time, the Board of Directors confirms that all transactions with all related parties, including members of the Board of Directors or companies in which they have an interest, are carried out in full transparency and on a purely commercial basis. The volume of transactions with related parties during the year is included in the financial statement for review.

In compliance with the requirements of the Companies Law and in implementation of the instructions of the supervisory authorities, the detailed table below shows remuneration and attendance fees to each member of the Board of Directors received during the year, and the second table shows the total of salaries and bonuses paid to the top six executives during the year 2022.

Board of Directors' remuneration details						(Amounts in BD)							
Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total		(Does not include expense allowance)	
First: Independent Directors:													
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	-	5,850	-	18,000	23,850	10,000	-	-	-	10,000	-	33,850	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	5,850	-	-	5,850	12,500	-	-	-	12,500	-	18,350	-
Dr. Esam Abdulla Yousif Fakhro	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Jehad Yusuf Abdulla Amin	-	6,300	-	-	6,300	10,000	-	-	-	10,000	-	16,300	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Sami Mohamed Yusuf Jalal	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Mr. A. Redha Mohamed Redha Aldailami	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Ali Yusuf A.Rahman A. Rahim	-	4,950	-	-	4,950	10,000	-	-	-	10,000	-	14,950	-
Mr. Fuad Ebrahim Khalil Kanoo	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Mr. Sofyan Khalid Almoayed	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Third: Executive Directors:													
Total	-	51,300	-	18,000	69,300	102,500	-	-	-	102,500	-	171,800	-

*Others includes allowance paid for follow up and administrative services.

Executive management remuneration details			(Amounts in BD)	
Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	197,581	13,902	11,336	222,819

Report of the Board of Directors

As part of its social responsibility, the group has contributed to the campaign (Trees of life) adopted by STC Bahrain in cooperation with the Supreme Council for the Environment and the Ministry of Municipal Affairs and Agriculture.

As like every year, the group contributed and participated in financial support for many charities and social service institutions in the Kingdom of Bahrain. Further, a clean solar energy project was completed in Trafco Group Hidd warehouses.

Net profit and recommendation on how to distribute it:

The net profit attributable to shareholders of Trafco Group for the financial year ended 31 December 2022 as per the Ernst & Young audited financials was BD 1,535,923.

The Board of Directors recommends the distribution of these profits as follows subject to the approval of the annual general meeting:

• General reserve	BD	50,000
• Cash dividends to shareholders at 15%	BD	1,112,844
• Allocation to Donations & Charity (to be adjusted next year)	BD	50,000

The Directors' remuneration of BD 102,500 for the year 2022 (2021: BD 92,250) (subject to the approval of the annual general meeting) was already provided from the above net profit.

The final retained earnings carried to next year, once the above approved by AGM, will be as follows:

• Balance profit carried from this year	BD	373,079
• Retained earnings carried from previous year	BD	3,638,863
• Gain on disposals of investment & others	BD	35,691

Total retained earnings carried to next year 2023	BD	4,047,633
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It is worth noting, that the Group has achieved profits on the sale of investment of BD 36k which was not included in the statement of profit and loss but was included in shareholders' equity through other comprehensive income in compliance with IFRS requirements.

Acknowledgements



In conclusion, we extend our sincere thanks, appreciation and gratitude to all government agencies that cooperated with us to facilitate matters of manufacturing, import and storage in general, which enabled the group to provide its services in providing basic food commodities to citizens and residents in the Kingdom of Bahrain. We also thank and appreciate the cooperation of all customers with the group companies and their commitment to distribution and marketing agreements, which facilitated the access of our products to all segments of society and in different regions of the Kingdom of Bahrain.

We also gratefully appreciate the efforts of all members of the executive management and employees of the group companies for their dedication to work and their keenness to provide the best services to all our customers. With sadness and appreciation that we remember one of the former managers in the company who we lost at the end of last year, Mr. Sameer Abdullah Al-Khan, who served the company for nearly 22 years and held several management positions, the last of which was the Secretary of the Board of Directors and the General Coordinator with the Bahrain Stock Exchange. May God have mercy on him and place in the heavens. For your information, Mrs. Fatima Bushihri Secretary of the Group Board of Directors and Compliance, has been promoted after proving her ability in assuming such responsibility during the previous period, may God grant her success.

And say (O Muhammad saw) "Do Deeds, Allah Will See Your Deeds And (so will) His Messenger and The Believers" : Al Tawba, The Holy Qur'an.

A handwritten signature in black ink, appearing to read 'Ebrahim', with a stylized flourish underneath.

Ebrahim Mohamed Ali Zainal

Chairman

Kingdom of Bahrain

26 February 2023

Auditor's Report

Independent Auditor's Report To The Shareholders Of Trafco Group B.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

VALUATION OF UNQUOTED EQUITY INVESTMENTS

Refer to notes 3 and 12 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>The Group holds unquoted equity investments of BD 4,838,534 as at 31 December 2022, which accounts for 9% of the Group's total assets. These investments are measured at fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.</p> <p>Due to the illiquid nature of these investments, the determination of fair value is subjective and involves use of estimates, assumptions and judgements. The exit value of unquoted equity investments will be determined by the market at the time of realisation and therefore despite the valuation policy and judgments applied by management, the final exit value may materially differ from the fair value determined at the reporting date.</p> <p>Given the inherent subjectivity surrounding the valuation of unquoted equity investments, we determined this to be a key audit matter for our audit.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> (i) We evaluated the independent external valuation expert's competence, experience, capabilities and objectivity by inspecting the terms of their engagement letter and evaluating the valuation report; (ii) We assessed the appropriateness of the valuation methodologies used by the independent external valuation expert; (iii) We corroborated the key inputs used in the valuation with independently available information; (iv) We evaluated the appropriateness of illiquidity and other discounts applied on the valuation. (v) We tested the arithmetical accuracy of the calculation used in the valuation; and (vi) We evaluated the adequacy of disclosures in the consolidated financial statements.

Auditor's Report

Independent Auditor's Report To The Shareholders Of Trafco Group B.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Other information included in the Group's 2022 annual report

Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the Report of the Board of Directors which form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Report

Independent Auditor's Report To The Shareholders Of Trafco Group B.S.C. (continued)**Report on the Audit of the Consolidated Financial Statements** (continued)*Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that:

- a) as required by the Bahrain Commercial Companies Law:
 - i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - ii) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and
 - iii) satisfactory explanations and information have been provided to us by management in response to all our requests.
- b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2022 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.
- c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
 - i) has appointed a Corporate Governance Officer; and
 - ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor's report is Kazim Merchant.




Partner's Registration No. 244
26 February 2023
Manama, Kingdom of Bahrain

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 BD	2021 BD
Revenue	5	42,572,842	35,725,177
Costs of revenue		(34,300,474)	(28,010,005)
GROSS PROFIT		8,272,368	7,715,172
Other operating income		101,422	120,192
Personnel costs	6	(3,912,834)	(3,745,811)
General and administrative expenses		(1,055,646)	(910,906)
Selling and distribution expenses		(1,093,262)	(902,965)
Depreciation on property, plant and equipment	9	(449,350)	(466,294)
Depreciation on right-of-use assets	10	(212,435)	(278,845)
PROFIT FROM OPERATIONS		1,650,263	1,530,543
Investment income	7	763,612	684,957
Other income	31	231,672	125,761
Other finance costs	6	(258,642)	(140,596)
Finance costs on lease liabilities	19	(200,858)	(120,044)
Share of results of an associate	11	(138,319)	(113,128)
Foreign exchange gains - net		49,577	30,235
PROFIT OF THE GROUP FOR THE YEAR	6	2,097,305	1,997,728
of which attributable to non-controlling interests		(561,382)	(696,627)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,535,923	1,301,101
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	21	18
OTHER COMPREHENSIVE INCOME			
<i>Items not to be reclassified to profit or loss in subsequent years:</i>			
- Gain on disposals of investments at fair value through other comprehensive income		35,579	165,372
- Net changes in fair value of investments at fair value through other comprehensive income		343,361	341,714
- Net changes in fair value of associate's investments at fair value through other comprehensive income	11	(11,063)	16,720
		367,877	523,806
<i>Items to be reclassified to profit or loss in subsequent years:</i>			
- Foreign exchange differences on translation of foreign operations		(37,042)	(4,814)
Other comprehensive income for the year		330,835	518,992
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR		2,428,140	2,516,720
of which attributable to non-controlling interests	25	(553,387)	(725,885)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,874,753	1,790,835


 Ebrahim Mohamed Ali Zainal
 Chairman


 Yusuf Saleh Abdulla Alsaleh
 Vice Chairman



 Azzam Moutragi
 Group Chief Executive Officer

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 BD	2021 BD
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,273,189	9,185,005
Right-of-use assets	10	3,699,121	2,321,836
Investment in an associate	11	-	1,343,583
Investments at fair value through other comprehensive income	12	14,998,073	14,094,593
		27,970,383	26,945,017
Current assets			
Inventories	14	10,507,359	8,419,112
Right of return assets		40,609	36,600
Trade and other receivables	15	10,574,155	8,694,895
Bank balances and cash	16	3,693,128	3,534,812
		24,815,251	20,685,419
TOTAL ASSETS		52,785,634	47,630,436
EQUITY AND LIABILITIES			
Equity			
Share capital	17	8,067,505	8,067,505
Treasury shares	17	(1,706,644)	(1,706,644)
Share premium	17	3,386,502	3,386,502
Statutory reserve	17	4,033,753	4,033,753
General reserve	17	1,565,000	1,515,000
Fair value reserve	17	7,339,975	6,976,287
Foreign currency reserve	17	(38,048)	(19,157)
Retained earnings - non-distributable	17	496,736	496,736
Retained earnings - distributable		4,047,633	3,638,863
Proposed appropriations		1,162,844	1,088,766
Equity attributable to the shareholders of Trafco		28,355,256	27,477,611
Non-controlling interests	25	4,919,438	4,660,051
Total equity		33,274,694	32,137,662
Non-current liabilities			
Lease liabilities	19	3,389,399	2,099,615
Employees' end of service benefits	20	1,531,760	1,464,015
Term loans	22	1,546,485	593,428
Government grant	21	40,965	44,642
		6,508,609	4,201,700
Current liabilities			
Trade and other payables	23	7,298,611	6,936,499
Import loans	24	3,759,063	3,429,810
Bank overdrafts	16	550,420	136,564
Lease liabilities	19	545,450	352,701
Contract and refund liabilities		295,986	229,124
Term loans	22	549,134	202,709
Government grant	21	3,667	3,667
		13,002,331	11,291,074
Total liabilities		19,510,940	15,492,774
TOTAL EQUITY AND LIABILITIES		52,785,634	47,630,436


 Ebrahim Mohamed Ali Zainal
 Chairman


 Yusuf Saleh Abdulla Alsaleh
 Vice Chairman


 Azzam Moutragi
 Group Chief Executive Officer

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 BD	2021 BD
OPERATING ACTIVITIES			
Profit of the Group for the year		2,097,305	1,997,728
Adjustments for:			
Finance costs	6	258,642	140,596
Gain on disposals of property, plant and equipment, net	6	(24,885)	(23,065)
Write-off of property, plant and equipment	6	7,546	6,827
Investment income	7	(763,612)	(684,957)
Depreciation on property, plant and equipment	9	1,032,763	1,066,769
Depreciation on right-of-use assets	10	413,272	406,965
Share of results of an associate	11	138,319	113,128
Provision for slow moving and obsolete of inventories	14	85,373	76,098
Allowance for expected credit losses	15	24,886	57,150
Finance cost on lease liabilities	19	200,858	120,044
Gain on lease termination		-	(4,072)
Other Income		(231,672)	-
Provision for employees' end of service benefits	20	203,541	198,981
Amortisation of Government grant	21	(3,677)	(3,024)
Operating profit before changes in working capital		3,438,659	3,469,168
Working capital changes:			
Inventories		(1,928,858)	(627,743)
Right of return assets		(4,009)	(927)
Trade and other receivables		(1,100,805)	(224,051)
Trade and other payables		156,564	1,390,582
Contract and refund liabilities		66,862	45,981
Net cash generated from operations		628,413	4,053,010
Directors' remuneration paid		(171,800)	(142,650)
Employees' end of service benefits paid	20	(194,764)	(252,124)
Net cash flows from operating activities		261,849	3,658,236
INVESTING ACTIVITIES			
Additions to property, plant and equipment	9	(530,575)	(752,498)
Proceeds from disposals of property, plant and equipment		28,549	30,326
Purchase of investments at fair value through other comprehensive income	12	(159,388)	(1,341,700)
Proceeds from disposals of investments at fair value through other comprehensive income	12	53,657	775,094
Dividends and interest received		763,612	684,957
Net cashflow on acquisition of subsidiary	31	(200,950)	-
Net cash flows used in investing activities		(45,095)	(603,821)

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 BD	2021 BD
FINANCING ACTIVITIES			
Term loans availed	28	1,641,516	-
Repayment of term loans	28	(342,034)	(196,009)
Import loans availed	28	13,106,420	11,301,123
Repayment of import loans	28	(12,777,167)	(11,620,870)
Payment of principal portion of lease liabilities	28	(308,775)	(380,670)
Finance costs on lease liabilities	19	(200,858)	(120,044)
Finance costs paid on loans and borrowings		(221,670)	(132,479)
Dividends paid		(1,038,684)	(1,137,695)
Dividend paid to non-controlling interests	25	(294,000)	(274,400)
Purchase of treasury shares	17	-	(62,549)
Net cash flows used in financing activities		(435,252)	(2,623,593)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(218,498)	430,822
Net foreign exchange translation differences		(37,042)	(4,814)
Cash and cash equivalents at 1 January		3,398,248	2,972,240
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	3,142,708	3,398,248

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Attributable to the shareholders of Trafco						
					Reserves	
	Notes	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	Fair value reserve BD
Balance at 1 January 2022		8,067,505	(1,706,644)	3,386,502	4,033,753	6,976,287
Profit for the year		-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	357,721
Total comprehensive income (loss) for the year		-	-	-	-	357,721
2021 Appropriations:						
- General reserve - 2021	17	-	-	-	-	50,000
- Dividends paid - 2021	18	-	-	-	-	-
2022 - Proposed appropriations:						
- General reserve - 2022	17	-	-	-	-	-
- Proposed dividend - 2022	18	-	-	-	-	-
Deemed disposal of associate	31	-	-	-	-	41,546
Dividend paid to non-controlling interests	25	-	-	-	-	-
Gain on disposals of Investments at fair value through other comprehensive income		-	-	-	-	(35,579)
Balance at 31 December 2022		8,067,505	(1,706,644)	3,386,502	4,033,753	7,339,975

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Attributable to the shareholders of Trafco							
Reserves							
Foreign currency reserve BD	Retained earnings-non distributable BD	Retained earnings distributable BD	Proposed appropriations BD	Total reserves BD	Shareholders' equity BD	Non- controlling interests BD	Total equity BD
(19,157)	496,736	3,638,863	1,088,766	17,730,248	27,477,611	4,660,051	32,137,662
-	-	1,535,923	-	1,535,923	1,535,923	561,382	2,097,305
(18,891)	-	-	-	338,830	338,830	(7,995)	330,835
(18,891)	-	1,535,923	-	1,874,753	1,874,753	553,387	2,428,140
-	-	-	(50,000)	-	-	-	-
-	-	112	(1,038,766)	(1,038,654)	(1,038,654)	-	(1,038,654)
-	-	(50,000)	50,000	-	-	-	-
-	-	(1,112,844)	1,112,844	-	-	-	-
-	-	-	-	41,546	41,546	-	41,546
-	-	-	-	-	-	(294,000)	(294,000)
-	-	35,579	-	-	-	-	-
(38,048)	496,736	4,047,633	1,162,844	18,607,893	28,355,256	4,919,438	33,274,694

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Attributable to the shareholders of Trafco						
					Reserves	
	Notes	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	Fair value reserve BD
Balance at 1 January 2021		8,067,505	(1,644,095)	3,386,502	4,033,753	6,647,047
Profit for the year		-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	492,189
Total comprehensive income (loss) for the year		-	-	-	-	492,189
2020 Appropriations:						
- General reserve - 2020	17	-	-	-	-	50,000
- Dividends paid - 2020	18	-	-	-	-	-
2021 - Proposed appropriations:						
- General reserve - 2021	17	-	-	-	-	-
- Proposed dividend - 2021	18	-	-	-	-	-
Purchase of treasury shares	17	-	(62,549)	-	-	-
Dividend to non-controlling interests	25	-	-	-	-	-
Gain on disposals of Investments at fair value through other comprehensive income		-	-	-	-	(162,949)
Balance at 31 December 2021		8,067,505	(1,706,644)	3,386,502	4,033,753	6,976,287

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Attributable to the shareholders of Trafco							
Reserves							
Foreign currency reserve BD	Retained earnings-non distributable BD	Retained earnings distributable BD	Proposed appropriations BD	Total reserves BD	Shareholders' equity BD	Non- controlling interests BD	Total equity BD
(16,702)	496,736	3,263,579	1,166,366	17,055,779	26,865,691	4,208,566	31,074,257
-	-	1,301,101	-	1,301,101	1,301,101	696,627	1,997,728
(2,455)	-	-	-	489,734	489,734	29,258	518,992
(2,455)	-	1,301,101	-	1,790,835	1,790,835	725,885	2,516,720
-	-	-	(50,000)	-	-	-	-
-	-	-	(1,116,366)	(1,116,366)	(1,116,366)	-	(1,116,366)
-	-	(50,000)	50,000	-	-	-	-
-	-	(1,038,766)	1,038,766	-	-	-	-
-	-	-	-	-	(62,549)	-	(62,549)
-	-	-	-	-	-	(274,400)	(274,400)
-	-	162,949	-	-	-	-	-
(19,157)	496,736	3,638,863	1,088,766	17,730,248	27,477,611	4,660,051	32,137,662

Notes to the Consolidated Financial Statements

As at 31 December 2022

1 CORPORATE INFORMATION

Trafco Group B.S.C. ('the Company' or 'Trafco' or 'the parent company') 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, Commerce and Tourism. The postal address of the Company's registered office is PO Box 20202, Manama, Kingdom of Bahrain. The Company's principal activity is trading in food products.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2023. The Group comprises of the Company and its following subsidiaries and associates:

Relationship / name	Country of incorporation	Ownership interest		Principal activities
		2022	2021	
Subsidiaries				
Bahrain Water Bottling & Beverages Company W.L.L.	Kingdom of Bahrain	100%	100%	Producing, bottling and marketing of sweet drinking water and beverages.
Bahrain Fresh Fruits Company W.L.L.	Kingdom of Bahrain	100%	100%	Trading in fresh fruits, vegetables and other food products.
Trafco Logistics Company W.L.L.	Kingdom of Bahrain	100%	100%	Providing storage and logistics services.
Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C.(c)*)	Kingdom of Bahrain	100%*	36.26%	Import of both livestock and chilled meat.
Awal Dairy Company W.L.L.	Kingdom of Bahrain	51%	51%	Production and supply of milk, juices, ice cream and tomato paste.
Kuwait Bahrain Dairy Company W.L.L.**	State of Kuwait	50%**	50%**	Marketing and supply of milk, juices and associated products.
Associates				
Qatari Bahraini Food Trading Co. L.L.C.	State of Qatar	50%	50%	Under liquidation.

* During the year ended 31 December 2022, the Group acquired remaining stake in Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C. (c)) ("BLSC" or "subsidiary"), hence BLSC became a wholly owned subsidiary of the Group.

** Effective ownership. Owned by Awal Dairy Company W.L.L.

Except for Awal Dairy Company W.L.L. and its subsidiary Kuwait Bahrain Dairy Company W.L.L. which have 30 September financial year-ends, the financial year-end of all the remaining subsidiaries is 31 December.

The Group operates in the Kingdom of Bahrain, State of Kuwait and Kingdom of Saudi Arabia.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

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

The 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.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, cash flows and unrealised gains or losses relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**New and amended standards and interpretations effective as of 1 January 2022**

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain amendments to standards adopted by the Group as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards and interpretations did not have any effect on the Group's financial position, financial performance or disclosures.

- Amendments to IAS 37: In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022;
- Amendments to IAS 16: In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before intended use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively;
- Amendments to IFRS 3: In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and to be applied prospectively;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter. These amendments had no impact on the financial statements of the Group as it is not a first-time adopter;
- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities: As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IFRS 9; the amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

Foreign currency transactions

The Group's consolidated financial statements are presented in Bahraini Dinars (BD) which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle to profit or loss the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into BD at the rate of exchange prevailing at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component recognised in the consolidated statement of changes in equity relating to that particular foreign operation is recognised in profit or loss.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition****Revenue from contract with customers**

The Group is in the business of production, marketing and trading in food products and beverages and providing storage and logistics services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The recognition criteria for various types of revenue are as follows:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). Presently only variable consideration has an effect on the Group's revenue recognition.

Sale of services

The Group recognises revenue from services over time when the services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customers. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return, volume rebates and display fees. The rights of return, volume rebates and display fees give rise to variable consideration.

- *Right of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

- *Volume rebates*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customers. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a contract liability for the expected future rebates.

- *Display fees*

The Group pays display fees to its customers for renting of shelf for displaying its products. Display fees are offset against amounts payable by the customer. Display fees give rise to variable consideration which the Group applies by reducing the revenue.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies relating to financial assets later in this note for further details.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to the accounting policy on variable consideration earlier in this note.

Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal instalments.

During the year ended 31 December 2022, no such income was recognised by the Group (2021: other income of BD 125,761 relating to the assistance provided by the Government of the Kingdom of Bahrain was recorded).

Other income recognition

Interest income

Interest income is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders of the investee approve the dividend.

Other revenue

Other revenue is recognised on an accrual basis when income is earned.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment in value, if any. Such cost includes the cost of replacing a part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss when incurred.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment** (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for freehold land and capital work-in-progress, as follows:

- Buildings on leasehold land	lesser of 10 to 30 years or lease term
- Plant, machinery and cold store equipment	over 2 to 15 years
- Furniture, fixtures and office equipment	over 2 to 5 years
- Motor vehicles	over 4 to 12 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due provision for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition, and are accounted for as follows:

Raw materials, consumables, spare parts and other items	- landed costs on a weighted average basis.
Finished goods	- costs of direct materials and labour and proportion of manufacturing overheads based on normal operating capacity.
Goods for sale	- landed costs on a first-in, first-out basis.
Right of return asset	- Original cost less estimated cost necessary to make sale.

Net realisable value is based on estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Leases - Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets, as follows:

- Land	30 years
- Buildings	3 to 5 years
- Motor vehicles	3 to 5 years

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases - Group as a lessee** (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the recognition of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in an associate is accounted for using the equity method.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Investment in an associate** (continued)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Group's share of the results of operations of the associate is included in profit or loss outside operating profit and represents results after tax and non-controlling interests in the subsidiaries of the associate. Any change in other comprehensive income of the associate is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of its investment in associate and its carrying value, then recognises the loss as 'Share of results of associate' in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Financial instruments - recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments - recognition and measurement** (continued)**Financial assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Except for equity instruments, the classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The group's financial assets include investments at fair value through other comprehensive income, trade and other receivables, bank balances and cash.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments); and
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, bank balances and cash.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets** (continued)

Financial assets designated at fair value through other comprehensive income (FVOCI)

(i) Equity instruments

Equity investments classified at FVOCI are subsequently measured at fair value with changes in fair value recognised in other comprehensive income. Such cumulative gains or losses recognised in "fair value reserve" within the statement of changes in equity are never reclassified to profit or loss on disposals. Dividends are recognised as investment income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments classified at FVOCI are not tested for impairment.

The Group elected to classify irrevocably its equity investments under this category.

(ii) Debt instruments

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments classified at FVOCI are subsequently measured at fair value with changes in fair value are recognised in other comprehensive income. Such cumulative gains or losses recognised in consolidated statement of changes equity are recognised in profit or loss on disposal.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The Group's debt instruments at FVOCI include investments in quoted debt instruments.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments - recognition and measurement** (continued)**Impairment of financial assets** (continued)

For trade receivables which is the only significant financial asset exposed to credit risk, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any relevant forward-looking factors.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings and other factors to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost as appropriate. All financial liabilities are recognised initially at fair value and, in the case financial liabilities at amortised cost, net of directly attributable transaction costs. The Group's financial liabilities mainly include trade and other payables, term loans, import loans, lease liabilities and bank overdrafts.

Subsequent measurement

All financial liabilities of the Group are subsequently measured at amortized cost. Such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Fair value measurement** (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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 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.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Employees' end of service benefits

The Group makes contributions to the Social Insurance Organisation (SIO), Bahrain for its Bahraini employees and Public Authority for Social Security, Kuwait for its Kuwaiti employees, Kingdom of Saudi Arabia for its Saudi employees, calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group also provides for end of service benefits for its expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

Notes to the Consolidated Financial Statements

As at 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern

The Company's Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Classification of investments

The Group's management determines the classification of investments on initial recognition as "financial asset at fair value through profit or loss" or "financial asset at fair value through other comprehensive income". The investments are classified as "financial asset at fair value through profit or loss" if they are acquired for the purpose of selling in the near term. All other investments are classified as "financial asset at fair value through other comprehensive income".

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to the Consolidated Financial Statements

As at 31 December 2022

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Judgements** (continued)*Revenue from contracts with customers*

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers. The Group has concluded that revenue from sale of goods is to be recognised at the point in time when control of goods is transferred to the customer and revenue from services is to be recognised over time because the customers simultaneously receive and consume the benefits provided by the Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

Valuation of unquoted investments at fair value through other comprehensive income

Management uses its best judgement in determining fair values of the unquoted private equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using a market multiples or other appropriate valuation methodologies. Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted equity investments.

Provision for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices and next year budget.

At the reporting date, gross inventories amounted to BD 11,247,455 (2021: BD 9,211,479), with a provision for slow moving and obsolete inventories of BD 740,096 (2021: BD 792,367). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss.

Impairment of property, plant and equipment and right-of-use of assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. The Board of Directors do not believe that there is any impairment of property, plant and equipment and right-of-use of assets as at 31 December 2022 and 31 December 2021.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Estimates and assumptions** (continued)*Allowance for expected credit losses*

The determination of 'allowance of expected credit losses' as discussed in note 2 involves estimates and assumptions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with the forward-looking information. For instance, if forecast economic conditions (i.e. inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consumer sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables (including related party receivables) were BD 10,832,029 (2021: BD 8,525,034), with an allowance for expected credit loss of BD 1,387,932 (2021: BD 975,888). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of good with rights of return and volume rebates.

The Group used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

For volume rebates for contract with more than one volume threshold, the Group uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates on a quarterly basis and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2022, the amount recognised as refund liabilities for the expected returns and contract liability for volume rebates was BD 54,045 (2021: BD 48,317) and BD 221,963 (2021: BD 180,807) respectively.

Incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in an entity's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

Notes to the Consolidated Financial Statements

As at 31 December 2022

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 17 Insurance Contracts: In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023;
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1: In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments are applicable for annual reporting periods beginning on or after 1 January 2023;
- Definition of Accounting Estimates - Amendments to IAS 8: The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendment is effective for annual periods beginning on or after 1 January 2023;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendment is effective for annual periods beginning on or after 1 January 2023;
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16: The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment is effective for annual periods beginning on or after 1 January 2024; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12: In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendment is effective for annual periods beginning on or after 1 January 2023.

Group's management is currently assessing the impact of above mentioned new and amended standards and interpretations on Group's future financial statements.

Notes to the Consolidated Financial Statements

As at 31 December 2022

5 REVENUE

The following table presents the disaggregation of the Group's revenue for the years ended 31 December 2022 and 31 December 2021:

	Wholesale operations		Retail operations		Dairy products and beverages	
	2022	2021	2022	2021	2022	2021
	BD	BD	BD	BD	BD	BD
Types of revenue						
Sale of goods	15,688,241	15,339,734	1,311,818	1,109,518	19,864,926	16,565,424
Rendering of services	-	-	-	-	-	-
Total revenue	15,688,241	15,339,734	1,311,818	1,109,518	19,864,926	16,565,424
Geographic markets						
Bahrain	15,688,241	15,339,734	1,311,818	1,109,518	14,674,111	12,183,588
Other GCC countries	-	-	-	-	5,190,815	4,381,836
Total revenue	15,688,241	15,339,734	1,311,818	1,109,518	19,864,926	16,565,424
Timing of revenue recognition						
Goods transferred at a point in time	15,688,241	15,339,734	1,311,818	1,109,518	19,864,926	16,565,424
Services transferred over time	-	-	-	-	-	-
Total revenue	15,688,241	15,339,734	1,311,818	1,109,518	19,864,926	16,565,424

* New segment as a result of acquisition of Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C. (c)) during the year.

Notes to the Consolidated Financial Statements

As at 31 December 2022

Fruits and vegetables		Storage and logistics		Livestock*		Total	
2022	2021	2022	2021	2022	2021	2022	2021
BD	BD	BD	BD	BD	BD	BD	BD
2,141,718	2,056,069	-	-	2,864,672	-	41,871,375	35,070,745
-	-	701,467	654,432	-	-	701,467	654,432
2,141,718	2,056,069	701,467	654,432	2,864,672	-	42,572,842	35,725,177
2,141,718	2,056,069	701,467	654,432	2,864,672	-	37,382,027	31,343,341
-	-	-	-	-	-	5,190,815	4,381,836
2,141,718	2,056,069	701,467	654,432	2,864,672	-	42,572,842	35,725,177
2,141,718	2,056,069	-	-	2,864,672	-	41,871,375	35,070,745
-	-	701,467	654,432	-	-	701,467	654,432
2,141,718	2,056,069	701,467	654,432	2,864,672	-	42,572,842	35,725,177

Notes to the Consolidated Financial Statements

As at 31 December 2022

6 PROFIT OF THE GROUP FOR THE YEAR

Profit of the Group for the year is stated after charging:

	2022 BD	2021 BD
Inventories recognised as an expense on sale of finished goods	31,954,241	25,795,151
Provision for slow moving and obsolete inventories (note 14)	85,373	76,098
Allowance for expected credit losses on trade receivables (note 15)	24,886	57,150
Gain on disposals of property, plant and equipment, net	24,885	23,065
Write-off of property, plant and equipment	7,546	6,827
	2022 BD	2021 BD
<i>Finance costs</i>		
Interest on term loans and import loans	212,976	114,182
Interest on bank overdrafts	25,398	13,884
Bank charges	20,268	12,530
	258,642	140,596
	2022 BD	2021 BD
<i>Personnel costs</i>		
Salaries and wages	4,320,746	4,268,821
Contributions for employees' social insurance	280,153	257,583
Employees' end of service benefits (note 20)	203,541	198,981
Other benefits	670,377	506,685
	5,474,817	5,232,070

The personnel costs have been presented in the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 BD	2021 BD
Costs of revenue	1,561,983	1,486,259
Personnel costs	3,912,834	3,745,811
	5,474,817	5,232,070

Notes to the Consolidated Financial Statements

As at 31 December 2022

7 INVESTMENT INCOME

	2022 BD	2021 BD
Dividend income	672,924	583,175
Interest income	90,688	101,782
	763,612	684,957

8 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of Trafco Group B.S.C. by the weighted average number of shares outstanding during the year, excluding the weighted average number of shares repurchased by the Company and held as treasury shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022 BD	2021 BD
Profit for the year attributable to the shareholders of Trafco – BD	1,535,923	1,301,101
Weighted average number of shares, net of treasury shares	74,197,577	74,396,436
Basic and diluted earnings per share (fils)	21	18

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

There have been no other transactions involving ordinary or potential ordinary shares between the reporting date and the date of issue of these consolidated financial statements, that would have a dilutive effect.

Notes to the Consolidated Financial Statements

As at 31 December 2022

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	Buildings on leasehold land BD	Plant, machinery and cold store equipment BD	Furniture, fixtures and office equipment BD	Motor vehicles BD	Capital work-in- progress BD	Total BD
Cost:							
At 1 January 2022	1,956,165	9,120,074	14,908,036	2,065,459	3,206,391	330,359	31,586,484
Acquisition of a subsidiary (note 31)	586,687	482,717	202,658	141,447	542,966	-	1,956,475
Additions	-	17,206	54,066	51,466	38,002	369,835	530,575
Transfers	-	41,670	258,055	30,015	84,757	(414,497)	-
Disposals/Write-offs	-	(2,814)	(670,797)	(6,631)	(113,972)	-	(794,214)
At 31 December 2022	2,542,852	9,658,853	14,752,018	2,281,756	3,758,144	285,697	33,279,320
Accumulated depreciation:							
At 1 January 2022	-	5,097,353	12,967,964	1,730,404	2,605,758	-	22,401,479
Acquisition of a subsidiary (note 31)	-	481,680	202,077	134,730	536,406	-	1,354,893
Depreciation charge for the year	-	271,982	452,941	105,561	202,279	-	1,032,763
Relating to disposals/write-offs	-	(1,018)	(668,348)	(6,624)	(107,014)	-	(783,004)
At 31 December 2022	-	5,849,997	12,954,634	1,964,071	3,237,429	-	24,006,131
Net book values:							
At 31 December 2022	2,542,852	3,808,856	1,797,384	317,685	520,715	285,697	9,273,189

Building and plant and equipment having net book values of BD 44,089 (2021: BD 66,834) are situated on land owned by the Government of Kingdom of Bahrain. No lease agreement exists between the Government of Kingdom of Bahrain and the Group.

Property, plant and equipment of subsidiaries having net book values of BD 3,611,344 (2021: BD 3,842,130) are situated on leasehold land.

Buildings of a subsidiary having net book value of BD 485,436 (2021: BD 508,527) are situated on a land leased from a related party.

Capital work-in-progress mainly represents building, equipment and machinery under installation.

	Freehold land BD	Buildings on leasehold land BD	Plant, machinery and cold store equipment BD	Furniture, fixtures and office equipment BD	Motor vehicles BD	Capital work-in- progress BD	Total BD
Cost:							
At 1 January 2021	1,956,165	9,094,596	14,455,777	1,968,346	3,393,645	223,379	31,091,908
Additions	-	-	88,782	50,006	49,126	564,584	752,498
Transfers	-	25,478	369,087	63,039	-	(457,604)	-
Disposals/Write-offs	-	-	(5,610)	(15,932)	(236,380)	-	(257,922)
At 31 December 2021	1,956,165	9,120,074	14,908,036	2,065,459	3,206,391	330,359	31,586,484
Accumulated depreciation:							
At 1 January 2021	-	4,820,726	12,497,147	1,644,022	2,616,649	-	21,578,544
Depreciation charge for the year	-	276,627	474,387	95,802	219,953	-	1,066,769
Relating to disposals/write-offs	-	-	(3,570)	(9,420)	(230,844)	-	(243,834)
At 31 December 2021	-	5,097,353	12,967,964	1,730,404	2,605,758	-	22,401,479
Net book values:							
At 31 December 2021	1,956,165	4,022,721	1,940,072	335,055	600,633	330,359	9,185,005

Notes to the Consolidated Financial Statements

As at 31 December 2022

9 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 BD	2021 BD
Costs of revenue	583,413	600,475
Depreciation	449,350	466,294
	1,032,763	1,066,769

10 RIGHT-OF-USE ASSETS

	Land BD	Buildings BD	Motor Vehicles BD	Total BD
As at 1 January 2022	1,527,075	699,098	95,663	2,321,836
Remeasurement of lease liabilities	1,136,705	-	-	1,136,705
Additions	-	613,904	14,305	628,209
Acquisition of a subsidiary (note 31)	25,643	-	-	25,643
Depreciation expense for the year	(126,110)	(264,175)	(22,987)	(413,272)
As at 31 December 2022	2,563,313	1,048,827	86,981	3,699,121

	Land BD	Buildings BD	Motor Vehicles BD	Total BD
As at 1 January 2021	1,660,486	355,344	102,883	2,118,713
Remeasurement of lease liabilities	(5,291)	593,388	355	588,452
Additions	-	3,877	42,914	46,791
Termination of lease	-	-	(25,155)	(25,155)
Depreciation expense for the year	(128,120)	(253,511)	(25,334)	(406,965)
As at 31 December 2021	1,527,075	699,098	95,663	2,321,836

The depreciation charge for the year has been allocated in profit or loss as follows:

	2022 BD	2021 BD
Costs of revenue	200,837	128,120
Depreciation	212,435	278,845
	413,272	406,965

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11 INVESTMENT IN AN ASSOCIATE

The Group owned a 36.26% interest in Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C. (c)), as at 31 December 2021, a company registered in the Kingdom of Bahrain and engaged in the import of both livestock and chilled meat in the Kingdom of Bahrain. During the second quarter of 2022, the Group acquired remaining shareholding from associate's other shareholders and therefore the associate was converted into a wholly owned subsidiary of the Group (deemed disposal of associate) during second quarter of 2022 (see note 31).

The movements in the carrying values of the investment in an associate, are as follows:

	2022 BD	2021 BD
At 1 January	1,343,583	1,439,991
Share of results for the period until deemed disposal	(138,319)	(113,128)
Net changes in fair value of associate's investments at fair value through other comprehensive income during the period until deemed disposal	(11,063)	16,720
Derecognition of associate (note 31)	(1,194,201)	-
At 31 December	-	1,343,583

12 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 BD	2021 BD
Quoted equity investments at FVOCI:		
- in Bahrain	9,620,827	8,908,478
- other GCC countries	352,365	466,255
	9,973,192	9,374,733
Unquoted equity investments at FVOCI:		
- in Bahrain	4,766,239	4,461,145
- other GCC countries	72,295	72,368
	4,838,534	4,533,513
Total equity investments at FVOCI	14,811,726	13,908,246
Quoted debt instruments at FVOCI:		
- in Bahrain	186,347	186,347
	14,998,073	14,094,593

Notes to the Consolidated Financial Statements

As at 31 December 2022

12 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Movements in investments at fair value through other comprehensive income during the year, were as follows:

	2022 BD	2021 BD
At 1 January	14,094,593	13,020,901
Acquisition of a subsidiary (note 31)	418,809	-
Purchases during the year	159,388	1,341,700
Net changes in fair values	378,940	507,086
Disposals during the year	(53,657)	(775,094)
At 31 December	14,998,073	14,094,593

Quoted equity investments

The fair values of the quoted equity investments are determined by reference to published price quotations in active markets.

Unquoted equity investments

The fair values of unquoted 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.

Quoted debt instruments

The fair values of the quoted debt instruments are determined by reference to published price quotations in an active market.

13 FAIR VALUE HIERARCHY

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

	Fair value measurement using			Total BD
	Quoted prices in active markets Level 1 BD	Significant observable inputs Level 2 BD	Significant unobservable inputs Level 3 BD	
31 December 2022				
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income:</i>				
Quoted equity	9,973,192	-	-	9,973,192
Unquoted equity	-	-	4,838,534	4,838,534
Quoted debt	186,347	-	-	186,347
	10,159,539	-	4,838,534	14,998,073

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13 FAIR VALUE HIERARCHY (continued)

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
31 December 2021	BD	BD	BD	BD
Assets measured at fair value				
Investments at fair value through other comprehensive income:				
Quoted equity	9,374,733	-	-	9,374,733
Unquoted equity	-	-	4,533,513	4,533,513
Quoted debt	186,347	-	-	186,347
	9,561,080	-	4,533,513	14,094,593

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 December 2022 and 31 December 2021.

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Level 3 equity securities 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.

Reconciliation of fair value measurements of level 3 financial instruments

Movements in the fair values of financial assets classified as level 3 category were as follows:

	2022 BD	2021 BD
At 1 January	4,533,513	4,594,232
Purchases during the year	-	447,142
Net changes in fair value	305,021	(507,861)
At 31 December	4,838,534	4,533,513

14 INVENTORIES

	2022 BD	2021 BD
Goods for sale	2,368,933	2,080,474
Raw materials and consumables [net of provision for slow moving and obsolete inventories of BD 307,925 (2021: BD 301,997)]	3,092,817	2,984,889
Goods-in-transit	1,855,628	1,987,414
Finished goods [net of provision for slow moving and obsolete inventories of BD 21,974 (2021: BD 59,574)]	2,607,920	903,917
Spare parts and other items [net of provision for slow moving and obsolete inventories of BD 410,197 (2021: BD 430,796)]	582,061	462,418
Total inventories at the lower of cost or net realisable value	10,507,359	8,419,112

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14 INVENTORIES (continued)

Movements in the provision for slow moving and obsolete inventories were as follows:

	2022			
	Raw materials and consumables	Finished goods	Spare parts and other items	Total
	BD	BD	BD	BD
At 1 January 2022	301,997	59,574	430,796	792,367
Charge for the year (note 6)	49,651	14,698	21,024	85,373
Reversal of provision	(37,151)	(45,849)	-	(83,000)
Written off during the year	(6,573)	(6,448)	(41,623)	(54,644)
At 31 December 2022	307,924	21,975	410,197	740,096

	2021			
	Raw materials and consumables	Finished goods	Spare parts and other items	Total
	BD	BD	BD	BD
At 1 January 2021	280,047	44,584	415,796	740,427
Charge for the year (note 6)	21,950	39,148	15,000	76,098
Written-off during the year	-	(24,158)	-	(24,158)
At 31 December 2021	301,997	59,574	430,796	792,367

15 TRADE AND OTHER RECEIVABLES

	2022 BD	2021 BD
Trade receivables [net of allowance for expected credit losses of BD 1,387,932 (2021: BD 975,888)]	9,173,679	7,414,051
Trade receivables - related parties (note 26)	270,418	135,095
Other receivables	9,444,097	7,549,146
Advances to suppliers	582,024	421,842
Prepayments	279,654	447,017
Deposits	139,800	169,178
Deposits	42,502	45,132
VAT receivable, net	86,078	62,580
	10,574,155	8,694,895

Terms and conditions of the above financial assets are as follows:

- Trade receivables are non-interest bearing and are normally settled on 60 to 90 day terms.
- For terms and conditions of trade receivables - related parties, refer to note 26.
- Other receivables are non-interest-bearing and have terms ranging between one and three months.
- Deposits are non-interest-bearing and have terms ranging between one and three months.

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15 TRADE AND OTHER RECEIVABLES (continued)

Movements in the expected credit losses of trade receivables were as follows:

	2022 BD	2021 BD
At 1 January	975,888	918,738
Acquisition of a subsidiary (note 31)	387,158	-
Charge for the year (note 6)	24,886	57,150
At 31 December	1,387,932	975,888

The ageing analysis of trade receivables and allowance for expected credit losses as at 31 December, are as follows:

	Total BD	Current BD	Past due		
			Less than 30 days BD	30 to 60 days BD	More than 60 days BD
2022					
Expected credit loss rate	12.8%	0.1%	0.4%	2.3%	83.0%
Gross trade receivables	10,832,029	5,691,610	2,849,168	655,751	1,635,500
Expected credit losses	(1,387,932)	(3,859)	(11,225)	(14,866)	(1,357,982)
Net trade receivables	9,444,097	5,687,751	2,837,943	640,885	277,518

	Total BD	Current BD	Past due		
			Less than 30 days BD	30 to 60 days BD	More than 60 days BD
2021					
Expected credit loss rate	11.4%	0.4%	1.1%	5.5%	70.3%
Gross trade receivables	8,525,034	4,479,416	2,242,355	516,090	1,287,173
Expected credit losses	(975,888)	(17,140)	(25,222)	(28,393)	(905,133)
Net trade receivables	7,549,146	4,462,276	2,217,133	487,697	382,040

The Group does not obtain collateral over trade receivables.

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows consist of the following amounts:

	2022 BD	2021 BD
Bank balances and cash	3,693,128	3,534,812
Bank overdrafts	(550,420)	(136,564)
Cash and cash equivalents	3,142,708	3,398,248

Bank overdrafts are denominated in Bahraini Dinars and the United States Dollars and carry interest at commercial rates.

The Group has BD 13,913,494 (2021: BD 14,899,951) of undrawn borrowing facilities as at 31 December 2022.

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17 SHARE CAPITAL AND RESERVES**a) SHARE CAPITAL**

	2022 BD	2021 BD
Authorised:		
100,000,000 (2021: 100,000,000) shares of BD 0.100 each	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
80,675,052 (2021: 80,675,052) shares of BD 0.100 each	8,067,505	8,067,505

b) TREASURY SHARES

Treasury shares represent 6,477,475 (2021: 6,477,475) shares amounting to BD 1,706,644 (2021: BD 1,706,644), representing 8.03% (2021: 8.03%) of the issued share capital, held by the Company. During the year ended 31 December 2021, the Company repurchased 226,824 additional shares for cash consideration of BD 62,549.

c) SHARE PREMIUM

The share premium has arisen on the issue of shares in 2000 and rights shares issued in 2008 and is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law.

d) STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year is to be transferred to statutory reserve every year. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital. In 2020, the shareholders resolved to discontinue further transfer of profit to statutory reserve as the reserve equaled 50% of the paid-up capital of the Company.

The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

e) GENERAL RESERVE

The general reserve has been made in accordance with the articles of association of the Company. The Company may resolve to discontinue such annual transfers, when deemed appropriate. There are no restrictions on the distribution of this reserve. During the year, the Company transferred BD 50,000 (2021: BD 50,000) to the general reserve.

f) FAIR VALUE RESERVE

This reserve relates to fair value changes of investments at fair value through other comprehensive income.

g) FOREIGN CURRENCY RESERVE

The foreign currency reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations.

h) RETAINED EARNINGS - NON-DISTRIBUTABLE

This represents Group's share in the statutory reserves of its subsidiaries and is not available for distribution.

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18 DIVIDENDS PAID AND PROPOSED

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, totaling BD 1,038,766 for the year ended 31 December 2021 was declared and paid. (2021: At the annual general meeting of the shareholders held on 29 March 2021, a final cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,116,366 for the year ended 31 December 2020 was declared and paid).

A cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,112,844 (2021: a cash dividend of 14 fils per share, excluding treasury shares, totaling BD 1,038,766) has been proposed by Board of Directors and will be submitted for formal approval of shareholders at the Annual General Meeting.

19 LEASE LIABILITIES

Lease liabilities relate to the Group's leases for land, buildings and motor vehicles. The movements in the lease liabilities during the year, were as follows:

	2022 BD	2021 BD
At 1 January	2,452,316	2,226,970
Remeasurement of lease liabilities	1,136,705	588,452
Additions	628,209	46,791
Acquisition of a subsidiary (note 31)	26,394	-
Termination of leases	-	(29,227)
Interest expense for the year	200,858	120,044
Payments during the year	(509,633)	(500,714)
At 31 December	3,934,849	2,452,316
Non-current	3,389,399	2,099,615
Current	545,450	352,701
	3,934,849	2,452,316

The following are the amounts recognised in profit or loss in respect of leases:

	2022 BD	2021 BD
Depreciation expense on right-of-use assets (note 10)	413,272	406,965
Interest expense on lease liabilities	200,858	120,044
Total amount recognised in profit or loss	614,130	527,009

The Group had total cash outflows for leases of BD 509,633 in 2022 (2021: BD 500,714). The Group also had non-cash additions to right-of-use assets and lease liabilities of BD 628,209 (2021: BD 46,791).

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits are as follows:

	2022 BD	2021 BD
At 1 January	1,464,015	1,517,158
Acquisition of a subsidiary (note 31)	58,968	-
Provided during the year (note 6)	203,541	198,981
Paid during the year	(194,764)	(252,124)
At 31 December	1,531,760	1,464,015

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21 GOVERNMENT GRANT

Government grant represents amount received from The Labour Fund (Tamkeen) for purchase of plant and equipment. The amount is amortised over 15 years which is equivalent to the estimated useful life of the plant and equipment. Movement in Government grant, is as follows:

	2022 BD	2021 BD
At 1 January	48,309	51,333
Recognised in profit or loss and other comprehensive income	(3,677)	(3,024)
At 31 December	44,632	48,309
Non-current	40,965	44,642
Current	3,667	3,667
	44,632	48,309

22 TERM LOANS

	Interest rate	Maturity	2022 BD	2021 BD
a) Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	September 2025	261,519	345,965
b) Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	September 2025	222,927	294,963
c) Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	March 2025	92,479	129,577
d) Loan from Ahli United Bank B.S.C.	Three-month BIBOR plus 3% p.a.	March 2024	16,288	25,632
e) Loan from Arab Bank (i)	One-month BIBOR plus 1.75% p.a.	March 2027	1,502,406	-
			2,095,619	796,137

The term loans are presented in the consolidated statement of financial position as follows:

	2022 BD	2021 BD
Non-current	1,546,485	593,428
Current	549,134	202,709
	2,095,619	796,137

Loan instalments payable within twelve months from the reporting date are disclosed as current portion and remaining are disclosed as non-current. These loans are secured by promissory notes issued by the Group.

The terms of the loan agreements require compliance with certain covenants relating to financial ratios and the declaration of dividends to shareholders.

- (i) This represents a loan obtained for acquisition of Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C. (c)). The loan is unsecured and carries interest at the rate of 1 month BIBOR plus 1.75%. The loan has a term of 5 years and repayment will start in July 2022 in 59 monthly equal instalments.

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23 TRADE AND OTHER PAYABLES

	2022 BD	2021 BD
Trade payables	4,729,771	4,625,595
Accrued expenses	1,541,794	1,404,155
Advances from customers	128,212	103,688
Unclaimed dividends payable	52,116	52,146
Other payables	668,522	383,587
Due to related parties (note 26)	176,769	323,424
Retentions payable	1,427	43,904
	7,298,611	6,936,499

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms.
- For terms and conditions relating to amounts due to related parties, refer to note 26.
- Other payables are non-interest bearing and have average terms ranging between one to six months.

24 IMPORT LOANS

These represent loans obtained from commercial banks for the import of raw materials and finished goods with average interest rate of 4.79% (2021: 3.75%) per annum and secured by promissory notes issued by the Group.

25 MATERIAL PARTLY-OWNED SUBSIDIARY

The Group holds 51% shareholding in Awal Dairy Company W.L.L., a subsidiary incorporated in the Kingdom of Bahrain and engaged in production and supply of milk, juices, ice cream and tomato paste. The summarised financial information before intercompany eliminations of the subsidiary as at 31 December 2022 and 31 December 2021 is provided below.

Summarised statement of comprehensive income	2022 BD	2021 BD
Revenue	18,261,250	15,090,913
Other operating income	22,665	35,897
Costs of revenue	(14,166,419)	(11,033,860)
Selling and distribution expenses	(851,597)	(676,947)
Personnel costs	(1,677,404)	(1,617,349)
Other income	135,973	125,928
Government assistance	-	115,042
General and administration expenses	(250,941)	(222,861)
Depreciation on property, plant and equipment	(157,429)	(167,729)
Depreciation on right-of-use of assets	(139,291)	(199,770)
Finance costs on lease liabilities	(80,706)	(57,811)
Exchange gains - net	49,577	30,235
Profit for the year	1,145,678	1,421,688
Other comprehensive (loss) income	(16,316)	59,710
Total comprehensive income for the year	1,129,362	1,481,398
Attributable to non-controlling interests	553,387	725,885
Dividends paid to non-controlling interest	294,000	274,400

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25 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2022	2021
	BD	BD
Summarised statement of financial position:		
Inventories (current)	5,263,848	5,118,464
Cash and bank balances (current)	1,914,231	2,714,879
Right-of-use assets (non-current)	1,490,513	1,238,980
Property, plant and equipment (non-current)	1,720,526	1,753,194
Investments at fair value through other comprehensive income (non-current)	1,381,370	1,250,350
Trade and other receivables (current)	3,910,931	3,128,783
Trade and other payables (current)	(3,264,226)	(3,602,949)
Government grant (current)	(3,667)	(3,667)
Government grant (non-current)	(40,965)	(44,642)
Lease liabilities (current)	(324,072)	(244,383)
Lease liabilities (non-current)	(1,248,057)	(1,048,035)
Employees' end of service benefits (non-current)	(760,762)	(750,665)
Equity	10,039,670	9,510,309
Attributable to:		
Equity holders of parent	5,120,232	4,850,258
Non-controlling interests	4,919,438	4,660,051
	10,039,670	9,510,309

	2022	2021
	BD	BD
Summarised statement of cash flows information:		
Net cash flows from operating activities	58,589	839,850
Net cash flows used in investing activities	(433,704)	(688,432)
Net cash flows from (used) in financing activities	13,047	(189,889)
Foreign currency translation adjustments	37,042	4,814
Net decrease in cash and cash equivalents	(325,026)	(33,657)

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26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, major shareholders, directors, 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.

Nature and amount of transactions and balances with related parties included in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are as follows:

Name	Relationship	Nature of transactions
Abdulla Yousif Fakhro and Sons	Common director	Sales of goods and services received.
Alosra Supermarket W.L.L.	Common director	Sales of goods and services received.
Bahrain National Holding B.S.C.	Common director	Dividend received.
Bahrain Cinema Company B.S.C.	Common director	Dividend received.
Bahrain Duty Free Shop Complex B.S.C.	Common director	Dividend received.
Banader Hotels Company B.S.C.	Common director	Sales of goods.
BANZ Group B.S.C. (c)	Common director	Sales of goods and dividend received.
BANZ Trading and Contracting W.L.L.	Common director	Purchases and sales of goods.
BMMI B.S.C.	Common director	Purchases, sales of goods and dividend received.
Bahrain Livestock Company W.L.L.	Associated company till acquisition	Services rendered.
Qatari Bahraini Food Trading Co. L.L.C.	Associated company	Company is under liquidation process.
Budget - Rent a car	Common director	Services received.
Delmon Poultry Company B.S.C.	Common director	Dividend received.
Ebrahim K Kanoo B.S.C. (c)	Common director	Purchase of spare parts and services received.
Fakhro Electronics W.L.L.	Common director	Sales of goods.
Khalid Almoayed and Sons W.L.L.	Common director	Purchases of goods.
Manama Travel Centre	Common director	Services received.
Mohamed Ali Zainal Abdulla B.S.C.	Common director	Purchases and sales of goods.
Mohammed Jalal & Sons Company Limited W.L.L.	Common director	Purchases and sales of goods.
Motor City Holding B.S.C. (c)	Common director	Purchase of goods and services received.
National Transport Establishment	Common director	Services received.
Saleh Al Saleh Company W.L.L.	Common director	Purchases and sales of goods.
The Food Supply Company W.L.L.	Common director	Sales of goods.
United Paper Industries B.S.C.	Common director	Purchases of goods.
Yousuf Abdul Rehman Engineer Holding W.L.L.	Common director	Services received.

	Revenue	Purchase of goods and services	General and administrative expenses	Other operating and investment income	Due from related parties	Due to related parties
31 December 2022	BD	BD	BD	BD	BD	BD
Associated companies	8,169	751	-	-	-	-
Entities with common directors	551,295	732,326	184,859	377,381	270,418	176,769
	559,464	733,077	184,859	377,381	270,418	176,769

	Revenue	Purchase of goods and services	General and administrative expenses	Other operating and investment income	Due from related parties	Due to related parties
31 December 2021	BD	BD	BD	BD	BD	BD
Associated companies	61,927	2,511	-	5,262	6,546	-
Entities with common directors	400,766	946,292	180,854	322,773	128,549	323,424
	462,693	948,803	180,854	328,035	135,095	323,424

Terms and conditions of transactions with related parties

Purchases from and sales to related parties are made at normal market prices. Outstanding balances at the year-end arise in the normal course of business, are unsecured, interest free and settlement occurs in cash. For the years ended 31 December 2022 and 31 December 2021, the Group has not recorded any allowance for expected credit losses on amounts owed by related parties.

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26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**Compensation of key management personnel**

The remuneration of directors and other members of key management personnel during the year was as follows:

	2022 BD	2021 BD
Directors' remuneration	102,500	92,250
Directors' fees	69,300	50,400
	171,800	142,650
Short-term benefits	211,483	279,165
Employees' end of service benefits	11,336	11,743
	222,819	290,908
	394,619	433,558

27 COMMITMENTS AND CONTINGENCIES**(a) Capital expenditure commitments**

Estimated capital expenditure contracted for at the reporting date but not provided for is amounting to BD 40,106 (2021: BD 75,351) and expected to be settled within one year.

(b) Guarantees:

Tender, advance payment and performance guarantees issued by banks on behalf of the Group, in the normal course of business, amount to BD 924,670 as at 31 December 2022 (2021: BD 841,893).

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Introduction**

The Group's financial liabilities comprise term loans, import loans, lease liabilities, retention payable, a portion of trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finance for the Group's operations and capital expenditure. The Group has trade and other receivables and bank balances and cash that arise directly from its operations. The Group also holds Investments at fair value through other comprehensive income.

The Group is exposed to market risk, credit risk and liquidity risk.

Executive Committee

The Executive Committee is responsible for evaluating and approving business and risk strategies, plans and policies of the Group and market and liquidity risks pertaining to the Group's investment activities by optimising liquidity and maximising returns from the funds available to the Group.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and equity price risk. Financial instruments affected by market risk include investments at fair value through other comprehensive income, a portion of trade and other receivables, term loans, a portion of trade and other payables and bank overdrafts.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at 31 December 2022 and 31 December 2021.

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Market risk** (continued)

The following assumptions have been made in calculating the sensitivity analysis:

- The consolidated statement of financial position sensitivity relates to financial assets and financial liabilities as at 31 December 2022 and 31 December 2021;
- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 31 December 2021; and
- The sensitivity of equity is calculated by considering the effect of investments at fair value through other comprehensive income and translation of foreign operations at 31 December 2022 and 31 December 2021 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Group is exposed to interest rate risk on its floating interest rate bearing liabilities (bank overdrafts and certain term loans).

The following table demonstrates the sensitivity of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The Group's profit for the year is affected through the impact on floating interest rates bearing bank overdrafts and certain term loans, as follows:

	2022		2021	
Increase (decrease) in basis points	+50	-50	+50	-50
(Decrease) increase in profit [in BD]	(10,346)	10,346	(811)	811

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit or loss (due to changes in the fair value of monetary assets and liabilities) and the Group's other comprehensive income (due to changes in the net investment in a foreign operations). As the Bahraini Dinar is pegged to the United States (US) Dollar, balances in US Dollars and currencies pegged to the US Dollar are not considered to represent a significant foreign currency risk.

		Effect on profit		Effect on other comprehensive income	
<i>Change in exchange rate</i>		2022 BD	2021 BD	2022 BD	2021 BD
EURO	+5%	1,098	1,376	-	-
Other currencies	+5%	637	410	-	-
Kuwaiti Dinar	+5%	205	44	30,953	34,903

A similar decrease in foreign exchange rates would have an equal and opposite impact on the Group's profit and equity as disclosed above.

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer, or factors affecting all investments traded in the market.

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Market risk** (continued)*Equity price risk* (continued)

The Group manages equity price risk through diversification and placing limits on individual and total equity investments. Reports on the investment portfolio are submitted to the Executive Committee on a regular basis. The Executive Committee reviews and approves all investment decisions.

Management's best estimate of the effect on other comprehensive income for the year due to a 5% change in fair value of investments at fair value through other comprehensive income, with all other variables held constant, would be BD 749,904 (2021: BD 704,730).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including bank balances and other financial instruments.

Trade and other receivables

Customer credit risk is managed by each entity as per Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year.

Bank balances

The Group limits credit risk on bank balances by dealing only with reputable banks.

Debt instruments

The Group limits credit risk on investment in debt instruments by investing only in sovereign debt instruments.

Credit risk concentration

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group sells its products to a large number of wholesalers and retailers. Its five largest customers account for 26% of the outstanding trade receivables at 31 December 2022 (2021: 24%).

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position headings without taking account of any collateral and other credit enhancements.

	2022 BD	2021 BD
Trade receivables (note 15)	9,444,097	7,549,146
Bank balances (note 16)	3,693,128	3,534,812
Other receivables (note 15)	582,024	421,842
Quoted debt instruments (note 12)	186,347	186,347
Deposits (note 15)	42,502	45,132
	13,948,098	11,737,279

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

Liquidity risk is the risk that an enterprise will have difficulties in meeting its commitments. The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sale require amounts to be paid within 60 to 90 days of the date of sale. Trade payables are also normally settled within 60 to 90 days of the date of purchase/shipment.

The table below summarises the maturities of the Group's financial liabilities at 31 December, based on undiscounted contractual payment dates and current market interest rates.

2022	On demand BD	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	More than 5 years BD	Total BD
Trade and other payables	-	5,755,390	1,427	-	-	5,756,817
Import loans	-	3,827,196	-	-	-	3,827,196
Lease liabilities	-	143,699	431,096	1,101,500	2,455,297	4,131,592
Term loans	-	165,056	495,168	1,872,093	-	2,532,317
Bank overdrafts	550,420	-	-	-	-	550,420
	550,420	9,891,341	927,691	2,973,593	2,455,297	16,798,342

2021	On demand BD	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	More than 5 years BD	Total BD
Trade and other payables	-	5,488,440	43,904	-	-	5,532,344
Import loans	-	3,458,963	-	-	-	3,458,963
Lease liabilities	-	92,919	278,757	935,217	1,277,358	2,584,251
Term loans	-	63,117	189,351	702,264	-	954,732
Bank overdrafts	136,564	-	-	-	-	136,564
	136,564	9,103,439	512,012	1,637,481	1,277,358	12,666,854

Changes in liabilities arising from financing activities of the consolidated statement of cash flows

	As at 1 January 2022 BD	Cash flows			As at 31 December 2022 BD
		Availed BD	Payments BD	Others BD	
Unclaimed dividend payable	52,146	-	(1,038,684)	1,038,654	52,116
Term loans	796,137	1,641,516	(342,034)	-	2,095,619
Import loans	3,429,810	13,106,420	(12,777,167)	-	3,759,063
Retentions payable	43,904	-	(42,477)	-	1,427
Lease liabilities	2,452,316	-	(308,775)	1,791,308	3,934,849
	6,774,313	14,747,936	(14,509,137)	2,829,962	9,843,074

Notes to the Consolidated Financial Statements

As at 31 December 2022

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	As at 1 January 2021 BD	Cash flows			As at 31 December 2021 BD
		Availed BD	Payments BD	Others BD	
Unclaimed dividend payable	73,475	-	(1,137,695)	1,116,366	52,146
Term loans	992,146	-	(196,009)	-	796,137
Import loans	3,749,557	11,301,123	(11,620,870)	-	3,429,810
Retentions payable	43,904	-	-	-	43,904
Lease liabilities	2,226,970	-	(380,670)	606,016	2,452,316
	7,086,052	11,301,123	(13,335,244)	1,722,382	6,774,313

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital base in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, repurchase of own shares, or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by equity. Net debt includes term loans, lease liabilities, contract and refund liabilities, retention payable, trade and other payables, import loans and net cash and cash equivalents. Equity comprises all components of equity (i.e. share capital, treasury shares, share premium, statutory reserve, general reserve, fair value reserve, foreign currency reserve, retained earnings-non-distributable, retained earnings-distributable and proposed appropriations).

	2022 BD	2021 BD
Trade and other payables	7,298,611	6,936,499
Import loans	3,759,063	3,429,810
Lease liabilities	3,934,849	2,452,316
Bank overdrafts	550,420	136,564
Term loans	2,095,619	796,137
Contract and refund liabilities	295,986	229,124
Bank balances and cash	(3,693,128)	(3,534,812)
Net debt	14,241,420	10,445,638
Total equity attributable to the shareholders of Trafco	28,355,256	27,477,611
Debt-to-equity ratio	50%	38%

Notes to the Consolidated Financial Statements

As at 31 December 2022

29 FAIR VALUE MEASUREMENTS

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

Financial instruments of the Group comprise of financial assets and financial liabilities.

Financial assets consist of investments at fair value through other comprehensive income, trade and other receivables and cash and bank balances. Financial liabilities consist of term loans, import loans, lease liabilities, retentions payable, trade and other payables and bank overdrafts. Fair value of financial instruments is estimated based on the following methods and assumptions:

- Bank balances and cash, bank overdrafts, import loans, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments as at 31 December 2022 and 31 December 2021;
- Term loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. The carrying amounts are not materially different from their fair values as at 31 December 2022 and 31 December 2021; and
- Fair value of quoted equity investments and quoted debt instruments is derived from quoted market prices in active markets or in the case of unquoted investments at fair value through other comprehensive income using market multiples or other appropriate valuation methodologies.

Fair value of non-financial assets or liabilities

The Group does not have any non-financial assets or liabilities which have been measured at fair value as at 31 December 2022 and 31 December 2021.

Fair value hierarchy

For fair value hierarchy of the Group's assets and liabilities measured at fair value refer to note 13.

Financial assets and liabilities that are not measured at fair values are classified within level 2 of fair value hierarchy except for term loans and lease liabilities which are classified within level 3 of fair value hierarchy. Fair values of the assets and liabilities approximate their carrying values at the reporting date.

30 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 investments 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 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 consolidated financial statements.

Notes to the Consolidated Financial Statements

As at 31 December 2022

30 SEGMENT REPORTING (continued)

Transfer prices between operating segments are approved by Group's management.

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, inventories, right of return assets, trade and other receivables and bank balances and cash. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments are allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities used by a segment and consist primarily of employees' end of service benefits, term loans, import loans, bank overdrafts, contract and refund liabilities and trade and other payables. 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.

Revenue from operations for the year ended 31 December 2022 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 5,190,815 (2021: BD 4,381,836) and profit for the year ended 31 December 2022 amounted to BD 101,025 (2021: loss of BD 151,194). All remaining revenue and profit for the year is generated from the primary geographical segment in the Kingdom of Bahrain.

Total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,333,816 (2021: BD 1,996,801) and total liabilities amounted to BD 2,200,374 (2021: BD 1,863,360). All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

Inter-segment revenues, transactions, assets and liabilities are eliminated upon consolidation and reflected in the "Adjustments and eliminations" column.

Notes to the Consolidated Financial Statements

As at 31 December 2022

30 SEGMENT REPORTING (continued)

	Wholesale operations		Retail operations		Investments		Dairy products and beverages	
	2022 BD	2021 BD	2022 BD	2021 BD	2022 BD	2021 BD	2022 BD	2021 BD
Revenue - third parties	15,688,241	15,339,734	1,311,818	1,109,518	-	-	19,864,926	16,565,424
Revenue - inter segments	16,187	563,880	831	917	-	-	61,458	48,727
Total revenue	15,704,428	15,903,614	1,312,649	1,110,435	-	-	19,926,384	16,614,151
Costs of revenue (excluding depreciation)	(13,122,028)	(13,440,032)	(1,083,791)	(925,669)	-	-	(14,925,735)	(11,666,641)
Gross profit (excluding impact of depreciation)	2,582,400	2,463,582	228,858	184,766	-	-	5,000,649	4,947,510
Other operating income	12,713	89,023	3,912	6,459	-	-	46,990	51,792
Other expenses (excluding depreciation)	(1,997,349)	(2,107,019)	(95,787)	(115,962)	-	-	(3,219,598)	(2,950,036)
Depreciation on property, plant and equipment	(131,257)	(133,804)	(16,906)	(17,389)	-	-	(499,635)	(542,384)
Depreciation on right-of-use of assets	(107,251)	(110,580)	(34,488)	(45,184)	-	-	(283,474)	(270,630)
Profit from operations	359,256	201,202	85,589	12,690	-	-	1,044,932	1,236,252
Investment income (including share of results of an associate)	-	-	-	4,368	1,281,323	1,288,272	135,973	125,928
Other Income	231,672	-	-	-	-	-	-	125,141
Other finance costs	(115,117)	(59,725)	(3,253)	(2,295)	-	-	(115,026)	(74,952)
Finance costs on loans and borrowings	(204,719)	(112,139)	(4,663)	(3,578)	-	-	(7,264)	(514)
Exchange gains - net	-	-	-	-	-	-	49,577	30,235
Profit (loss) for the year	271,092	29,338	77,673	11,185	1,281,323	1,288,272	1,108,192	1,442,090
Capital expenditure	96,934	30,275	-	4,787	-	-	341,737	592,041
Assets	15,257,728	12,712,944	410,147	418,976	24,568,182	22,661,896	17,812,066	16,998,205
Liabilities	11,733,657	8,176,737	410,147	418,976	-	-	6,860,604	6,538,629

* New segment as a result of acquisition of Bahrain Livestock Company W.L.L. (formerly Bahrain Livestock Company B.S.C. (c)) during the year.

Notes to the Consolidated Financial Statements

As at 31 December 2022

	Fruits and vegetables		Storage and logistics		Livestock*		Adjustments and eliminations		Total	
	2022 BD	2021 BD	2022 BD	2021 BD	2022 BD	2021 BD	2022 BD	2021 BD	2022 BD	2021 BD
	2,141,718	2,056,069	701,467	654,432	2,864,672	-	-	-	42,572,842	35,725,177
	23,220	45,820	168,819	127,660	5,208	-	(275,723)	(787,004)	-	-
	2,164,938	2,101,889	870,286	782,092	2,869,880	-	(275,723)	(787,004)	42,572,842	35,725,177
	(1,800,954)	(1,693,526)	(236,995)	(217,597)	(2,482,749)	-	136,028	662,055	(33,516,224)	(27,281,410)
	363,984	408,363	633,291	564,495	387,131	-	(139,695)	(124,949)	9,056,618	8,443,767
	57,500	36,577	12,876	18,895	6,189	-	(38,758)	(82,554)	101,422	120,192
	(304,261)	(318,873)	(77,103)	(79,297)	(373,288)	-	5,644	11,505	(6,061,742)	(5,559,682)
	(47,736)	(49,812)	(309,761)	(306,879)	(10,967)	-	(16,501)	(16,501)	(1,032,763)	(1,066,769)
	(19,690)	(19,283)	(35,478)	(38,236)	(4,278)	-	71,387	76,948	(413,272)	(406,965)
	49,797	56,972	223,825	158,978	4,787	-	(117,923)	(135,551)	1,650,263	1,530,543
	-	-	-	-	14,951	-	(806,954)	(846,739)	625,293	571,829
	-	-	-	620	-	-	-	-	231,672	125,761
	(17,326)	(8,485)	(50,404)	(25,108)	(1,154)	-	101,422	50,521	(200,858)	(120,044)
	(31,104)	(24,687)	(55,982)	(68,191)	(10,892)	-	55,982	68,513	(258,642)	(140,596)
	-	-	-	-	-	-	-	-	49,577	30,235
	1,367	23,800	117,439	66,299	7,692	-	(767,473)	(863,256)	2,097,305	1,997,728
	-	-	91,904	125,395	-	-	-	-	530,575	752,498
	1,715,669	1,635,811	3,761,557	3,494,102	3,987,961	-	(14,727,676)	(10,291,498)	52,785,634	47,630,436
	1,132,653	1,037,652	2,006,590	1,856,573	879,592	-	(3,512,303)	(2,535,793)	19,510,940	15,492,774

Notes to the Consolidated Financial Statements

As at 31 December 2022

**31 ACQUISITION OF ADDITIONAL STAKE IN BAHRAIN LIVESTOCK COMPANY W.L.L.
(FORMERLY BAHRAIN LIVESTOCK COMPANY B.S.C. (C))**

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

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

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

As required by IFRS, the Group has:

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

During the year, the Group finalised the purchase price allocation (PPA) and has accordingly allocated the purchase consideration to identifiable assets and liabilities.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Assets	BD
Property, plant and equipment (net of accumulated depreciation of BD 1,354,893) (note 9)	601,582
Right-of-use assets (note 10)	25,643
Investment at fair value through other comprehensive income (note 11)	418,809
Inventories	244,762
Trade and other receivables (net of allowance for expected credit losses of BD 387,158)	803,341
Cash, bank balances and short-term deposits	1,456,290
	3,550,427

Notes to the Consolidated Financial Statements

As at 31 December 2022

**31 ACQUISITION OF ADDITIONAL STAKE IN BAHRAIN LIVESTOCK COMPANY W.L.L.
(FORMERLY BAHRAIN LIVESTOCK COMPANY B.S.C. (C))** (continued)

Liabilities	BD
Employees' end of service benefits (note 20)	58,968
Trade and other payables	340,406
Lease liabilities (note 19)	26,394
	425,768
Total identifiable net assets	3,124,659
Less	
Fair value of previously held investment in BLSC	942,760
Consideration paid for acquisition of remaining shareholding in BLSC	1,657,240
Total purchase consideration	2,600,000
Bargain purchase gain	524,659
Carrying value of Group's investment in BLSC at the date of acquisition (note 11)	1,194,201
Fair value of Group's investment in BLSC (36.26%) at the date of acquisition	942,760
Loss on deemed disposal of associate	(251,441)
Net bargain purchase gain	273,218
Deemed disposal of associate	(41,546)
Gain on acquisition	231,672

Cashflow on acquisition

Cash acquired with the subsidiary	1,456,290
Cash paid	(1,657,240)
Net cash paid on acquisition	(200,950)

During the year, the Group incurred acquisition related costs on account of fees to third parties for legal and transaction services as well as costs of third party consultants amounting to BD 1,928. Such amount was charged to profit or loss (general and administration expenses).

From the date of acquisition, BLSC has contributed BD 2,869,880 of revenue and a profit of BD 7,692 to the results of the Group. If the acquisition had taken place at the beginning of 2022, revenue of the Group for the year ended 31 December 2022 would have been BD 44,256,785 and the results of the Group for the year ended 31 December 2022 would have been BD 1,883,177.

The Group has recorded both the gain on bargain purchase and the loss on deemed disposal of associate as a part of other income in profit or loss.

Corporate Governance Disclosure

1 CORPORATE GOVERNANCE POLICY

Good Corporate Governance practices are significant in creating and sustaining shareholder value and ensuring appropriate disclosures and transparency. Trafco Group B.S.C.'s ('the Company') Corporate Governance Policy provides the framework for the principles of effective Corporate Governance standards across the Group.

The Board of Directors (the Board) is committed to implementing robust Corporate Governance practices and continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

Trafco Group B.S.C. shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees and the public at large.

The management is committed to ensuring that procedures and processes are in place to reflect and support the Board approved Corporate Governance related policies to ensure the highest standards of Corporate Governance throughout the Group.

2 CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

Currently, Mrs Fatima A. Bushihri as Acting Corporate Governance Officer replacing Mr. Fahad Foolad (Feb 2022 to Dec 2022) who replaced Mr. Sameer Abdulla Alkhan (Dec 2018 to Feb 2022) continues as per the requirement of Corporate Governance Code 2018 issued by Ministry of Industry, Commerce & Tourism (MOICT). The Company's Corporate Governance Code 2018 is being reviewed and updated accordingly as and when required.

3 SHAREHOLDER INFORMATION

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. As on 31 December 2022, the Company had issued 80,675,052 ordinary shares, each with a nominal value of 100 fils per share. All the shares are fully paid.

Shareholders are invited by the Chairman to attend the AGM. The Chairman and other Directors attend the AGM and are available to answer any questions.

The Annual General Ordinary Meetings will be held on 29 March 2023.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December, 2022 is as follows:

Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
Mr. Abdulhameed Zainal Mohamed Zainal	8,433,646	10.45%	Mr. Abdulhameed Zainal Mohamed Zainal
Trafco Group BSC	6,477,475	8.03%	Trafco Group BSC (Treasury Shares)
BANZ Group BSC (C)	6,031,313	7.47%	BANZ Group BSC (C)

Shareholders as of 31 December 2022 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	56.275%	40.881%	0.653%	97.809%
2	Arab	1.920%	0.124%	-	2.044%
3	Foreign	0.147%	-	-	0.147%
	Total	58.342%	41.005%	0.653%	100.00%

Corporate Governance Disclosure

3 SHAREHOLDER INFORMATION (continued)

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2022 as follows:

S.No.	Shareholding (shares)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2,692	10,719,832	13.29%
2	50,000 to 500,000	171	23,587,231	29.24%
3	500,000 to 5,000,000	20	25,425,553	31.51%
4	More than 5,000,000	3	20,942,434	25.96%

Description of the significant events that occurred during the year 2022 as follows:

During the year there is no significant impact.

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT**4.1. Board Procedure**

The Board procedure is clearly defined by the Charter of the Board. The Company has the practice of circulation of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda to constantly enhance the performance of the Group.

4.2. Board and Directors' Responsibilities

The specific responsibilities of the Board include:

- 1 Monitoring the overall business performance;
- 2 Monitoring the performance of the executive management to ensure that the executives are compensated fairly;
- 3 Monitoring management performance and succession plan for Senior Management;
- 4 Accurate preparation of the quarterly and annual consolidated financial statements and ensure that financial statements are free from errors and frauds;
- 5 Monitoring conflicts of interest and preventing abusive related party transactions;
- 6 Convening and preparing for the shareholders meetings;
- 7 Recommending dividends to shareholders and ensure its execution;
- 8 Adapting, implementing and monitoring compliance with the Company's Code of Business Conduct;
- 9 Disclosure of financial information to the Government Authorities and the public within the stipulated time;
- 10 Reviewing the Group's objectives and policies relating to social responsibilities; and
- 11 Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations ordained by the Government of Bahrain.

4.3. Material Transactions that require the Board approval

The following material transactions require review of the Board of Directors, evaluation and approval:

- 1 The Company strategy;
- 2 The annual budget, capital expenditure budget, major contracts, diversification plans/divestment;
- 3 The financial statements;
- 4 Major resource allocations and capital investments; and
- 5 Management responsibilities and training, development and succession plan for Senior Management.

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.4. Director's profiles (Directorships of other Boards)**

The following members of the Board of Directors are also the member of the other listed companies in the Kingdom of Bahrain:

S.No.	Name of Director	Designation	Directorships and positions in other listed companies	Positions in any other key regulatory, government or commercial entities.
1	Mr. Yusuf Saleh Abdulla Alsaleh	Director	Delmon Poultry Company B.S.C.	Chairman of the Board of Jaffaria Waqf Directorate (Ministry of Justice & Islamic Affairs & WAQF)
2	Dr. Esam Abdulla Yousif Fakhro	Vice Chairman	National Bank of Bahrain B.S.C.	None
		Chairman	Bahrain Cinema Company (Cineco) B.S.C.	
		Chairman	Bahrain Islamic Bank B.S.C.	
3	Mr. A. Redha Mohamed Redha Aldailami	Director	Delmon Poultry Company B.S.C.	None
4	Mr. Jehad Yusuf Abdulla Amin	Director	Bahrain Duty Free Complex B.S.C.	None
		Director	Bahrain National Holdings B.S.C.	
		Vice Chairman	Banader Hotels Company B.S.C	
		Director	BMMI B.S.C.	
		Director	Bahrain Cinema Company (Cineco) B.S.C.	

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.5. Status of Directorships and Board Composition**

S.No.	Name of Director	Type (Executive / Non-Executive and Independent / Non-Independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment
1	Mr. Ebrahim Mohamed Ali Zainal	Chairman / Non-Executive / Non-Independent	58	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non-Executive / Non-Independent	59	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non-Executive / Non-Independent	55	Businessman	1995
4	Mr. A. Redha Mohamed Redha Aldailami	Director / Non-Executive / Non-Independent	67	Businessman	1981
5	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non-Executive / Non-Independent	60	Businessman	1994
6	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non-Executive / Non-Independent	57	Businessman	1994
7	Mr. Sami Mohammed Yusuf Jalal	Director / Non-Executive / Non-Independent	49	Businessman	1995
8	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non-Executive / Non-Independent	53	Businessman	1995
9	Mr. Jihad Yusuf Abdulla Amin	Director and Executive Committee member / Non-Executive / Non-Independent	44	Businessman	1998
10	Mr. Sofyan Khalid Almoayed (from 30th March 2022)	Director / Non-Executive / Non-Independent	27	Businessman	2022
11	Mr. Khalid A. Rahman Khalil Almoayed (upto 30th March 2022)	Director and Executive Committee member / Non-Executive / Non-Independent	55	Businessman	1978

There is no Female board member in the current Board

4.6. Election and Termination of Appointment of Directors

Directors are elected for 3 years term. Elections take place in accordance with the Memorandum and Articles of Association of the Company and the Bahrain Commercial Companies Law. There is no maximum age limit at which a Director must retire from the Board. Each Director's term of appointment expires, pursuant to the terms of his Letter of Appointment and/or the provisions of the law.

During the AGM held on 30th March 2022, board of directors' elections were conducted and out of 10 directors, 9 directors were re-elected for a new term of 3 years except Mr. Khalid A. Rahman Khalil Almoayed who did not opt for re-election. Mr. Sofyan Khalid Almoayed has been elected and appointed as a new board member for a term of 3 years.

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.7. Induction and Training of Directors**

The Company has a formal induction programme in place, which is designed for each new Director. The induction programme includes i) an introductory pack containing, amongst other things, the Company Overview, Organisational Chart, Terms of Reference of the Board and Board Committees and key policies; ii) presentations on significant financial, strategic and risk issues; and iii) orientation meetings with key management. All continuing Directors are also invited to attend orientation meetings.

Following the elections of the board of directors, the newly appointed director Mr. Sofyan Khalid Almoayed has been provided induction and training by the Group CEO with a pre-designed induction program covering the requisite topics along with an introduction touring to all Trafco Group subsidiaries and meeting with key management.

4.8. Directors Ownership of Company's shares

S.No.	Name of Director	Type of Shares	Number of shares held as at 31/12/2022	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,089,728	2.59%
2	Mr. Yusuf Saleh Abdulla Alsaleh	Ordinary Shares	702,238	0.87%
3	Dr. Esam Abdulla Yousif Fakhro	Ordinary Shares	1,583,161	1.96%
4	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	311,115	0.39%
5	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.25%
6	Mr. Jehad Yusuf Abdulla Amin	Ordinary Shares	1,251,144	1.55%
7	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	332,817	0.41%
8	Mr. Ali Yusuf A. Rahman A. Rahim	Ordinary Shares	149,660	0.19%
9	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.22%
10	Mr. Sofyan Khalid Almoayed	Ordinary Shares	50,000	0.06%
Total Number of shares held by Directors			6,853,521	8.50%

4.9. Director's Trading of Shares during the year

During the year, the following Board Member disposed / purchased additional shares in the Company:

Name	Position/Kinship	Number of shares held as at 31/12/2021	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2022
Mr. Jehad Yusuf Abdulla Amin	Director	1,060,000	-	191,144	1,251,144
Mr. Sofyan Khalid Almoayed	Director	-	-	50,000	50,000

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)

4.10. Board Meetings

The Group should hold a minimum of four Board meetings during each year. The following table summarizes the information about the members' attendance in the Board of Directors meetings:

Meetings of Board of Directors held in 2022: **Eight**

Name of Director	Business Title	5th Jan 2022	27th Feb 2022	10th Mar 2022	30th Mar 2022	20th Apr 2022	9th May 2022	11th Aug 2022	7th Nov 2022	% Attended
Mr. Ebrahim Mohamed Ali Zainal	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	100%
Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. Sami Mohamed Yusuf Jalal	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. Jehad Yusuf Abdulla Amin	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. A.Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. Ali Yusuf A.Rahman A. Rahim	Director	✓	✓	✓	✓	✓	✓	x	✓	88%
Mr. Fuad Ebrahim Khalil Kanoo	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr. Khalid A.Rahman Khalil Almoayed* (upto 30 March 2022)	Director and Executive Committee Member	x	x	x	•	•	•	•	•	0%
Mr. Sofyan Khalid Almoayed (from 30 March 2022)	Director	•	•	•	✓	✓	✓	x	✓	80%

* Mr. Khalid A.Rahman Khalil Almoayed was not able to attend minimum 75% due to his health conditions and did not opt for re-election of directorship.

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)

4.11. Remuneration Policy of Board of Directors

Article 188 of the Commercial Companies Law No.21 of 2001 explains the method of payment of remuneration to the directors. The remuneration policy is based on attendance fees and basic fees paid to the members of the Board of Directors.

Total proposed remunerations to the directors, subject to AGM approval, for the year 2022 amounted to BD 102,500 (Year 2021 : BD 92,250) and attendance fees paid for the year 2022 to the directors and other allowances for administrative services to the Chariman as per table below:

Board of directors’ remuneration details						(Amounts in BD)							
Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total		(Does not include expense allowance)	
First: Independent Directors:													
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	-	5,850	-	18,000	23,850	10,000	-	-	-	10,000	-	33,850	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	5,850	-	-	5,850	12,500	-	-	-	12,500	-	18,350	-
Dr. Esam Abdulla Yousif Fakhro	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Jihad Yusuf Abdulla Amin	-	6,300	-	-	6,300	10,000	-	-	-	10,000	-	16,300	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Sami Mohamed Yusuf Jalal	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Mr. A.Redha Mohamed Redha Aldailami	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Ali Yusuf A.Rahman A. Rahim	-	4,950	-	-	4,950	10,000	-	-	-	10,000	-	14,950	-
Mr. Fuad Ebrahim Khalil Kanoo	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Mr. Sofyan Khalid Almoayed	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Third: Executive Directors:													
Total	-	51,300	-	18,000	69,300	102,500	-	-	-	102,500	-	171,800	-

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.12 Management**

The following table summarises the information about the profession, designation/business title, experience in years and the qualifications of the Senior Management:

S.No.	Name of members of senior management	Designation	Experience in years	Qualification
1	Mr. Azzam Moutragi	Group Chief Executive Officer	37	Master's Degree in Business Administration
2	Mr. R. Balasubramanian	Group Financial Controller	35	Fellow Member – Institute of Chartered Accountants of India
3	Mr. Aloysius Noronha	Operations Manager	31	Master's Degree in Business Administration (Marketing)
4	Mr. Sequeira Francisco	Maintenance Manager	38	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
5	Mrs. Layla Darwish	Group Human Resource Manager	32	Education Diploma in Secretarial Studies
6	Mr. Wael Ahmed	Stores Manager	28	-

The remuneration paid to the Senior Management during the year was as follows:

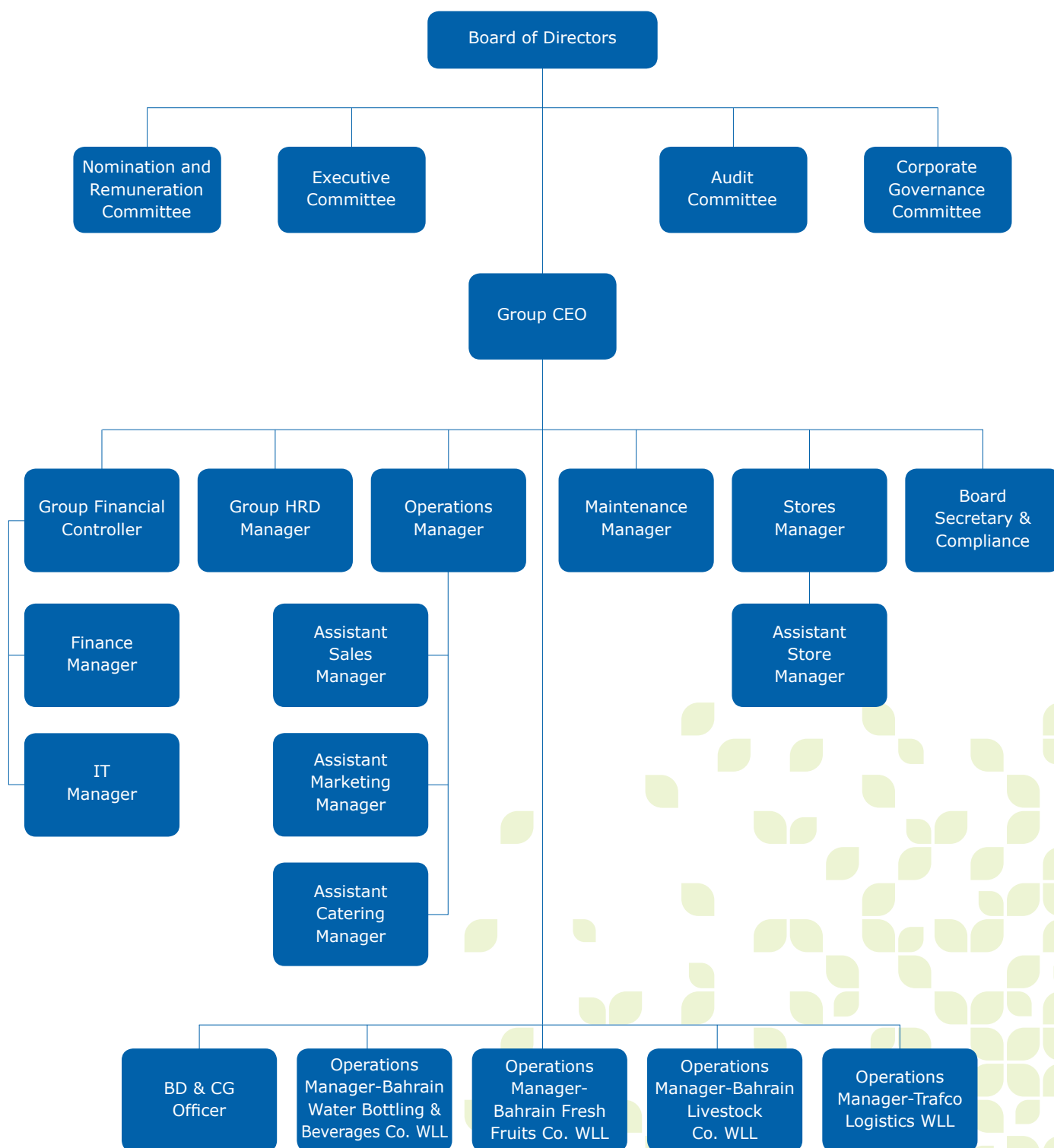
Executive management remuneration details				(Amount in BD)
Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	197,581	13,902	11,336	222,819

4.13. Code of Conduct/ Code of Ethics

The Company has the Code of Conduct/Code of Ethics policy describing the standards expected from each and every employee of the Group.

- Each and every employee should protect the assets of the Group.
- Group has to act on the customers' complaints promptly and courteously.
- No employee should take bribe from any outside person on behalf of the Group.
- The Group will not disclose the information about the customers/business associates to any other person/entities.
- The employees are not supposed to disclose the information about the Group either during or after the service to any outside person/entities.

5 COMPANY ORGANIZATIONAL STRUCTURE



Corporate Governance Disclosure

6 COMMITTEES

The Committees are constituted by the Board for the good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendation to the Board as and when deem necessary. Minutes of the Committee meetings are distributed to the members of the Board periodically. The Board constantly evaluates the composition of the committees in the light of requirements of Law and for the successful functioning of the Company.

The following table summarises the information about the Board Committees, their members and objectives:

Board's Committee	Objective	Members	Independent/ Non-independent
Audit Committee	The Audit Committee is responsible for: 1) Monitoring the integrity of the financial reporting process, Trafco systems of Internal Control, review of the consolidated financial statements and reports, compliance of the board with legal and regulatory requirements and the performance of the Company's Internal Audit function. 2) To recommend the appointment of external auditors, agreeing their compensation, overseeing their independence and preparing reports required to be prepared by the Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain.	1 Mr. Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2 Mr. Jehad Yusuf Abdulla Amin (upto 30 March 2022) 3 Mr. A. Redha Mohamed Redha Aldailami 4 Mr. Ali Yusuf A. Rahman A. Rahim 5 Mr. Sofyan Khalid Almoayed (from 30 March 2022)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent
Executive Committee (Investment & Finance)	The Executive Committee is formed to discuss matters with the Company's management regarding senior staffing, financial performance, strategies, and all other issues as directed by the Board	1 Mr. Ebrahim Mohamed Ali Zainal 2 Mr. Yusuf Saleh Abdulla Alsaleh 3 Dr. Esam Abdulla Yousif Fakhro 4 Mr. Khalid A.Rahman Khalil Almoayed (upto 30 March 2022) 5 Mr. Jehad Yusuf Abdullah Amin (from 30 March 2022)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent
Nomination and Remuneration Committee	Review and advise the Board of Directors on the Board's composition, new directors' nominations in addition to Board and Senior Management remuneration.	1 Mr. Ebrahim Mohamed Ali Zainal (Chairman) 2 Mr. Yusuf Saleh Abdulla Alsaleh 3 Dr. Esam Abdulla Yousif Fakhro 4 Mr. Khalid A.Rahman Khalil Almoayed (upto 30 March 2022) 5 Mr. Jehad Yusuf Abdullah Amin (from 30 March 2022)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent
Corporate Governance Committee	To review and ensure compliance with Corporate Governance Code framework and guidelines.	1 Mr. Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2 Mr. Jehad Yusuf Abdulla Amin (upto 30 March 2022) 3 Mr. A. Redha Mohamed Redha Aldailami 4 Mr. Ali Yusuf A.Rahman A. Rahim 5 Mr. Sofyan Khalid Almoayed (from 30 March 2022)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent

Corporate Governance Disclosure

6 COMMITTEES (continued)**Audit Committee:**

Mr. Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Audit Committee. The Audit Committee comprises of four directors. The Charter of the Audit Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Audit Committee Members:

- 1 Review the Company's accounting and financial practices.
- 2 Review the credibility of the Company's financial control, internal control and financial statements.
- 3 Review and approve the Company's financial statements before presenting the same to the Board.
- 4 Discuss the significant accounting and financial policies and reporting issues for the financial year.
- 5 Review the Company's compliance with legal requirements.
- 6 Consider and recommend to the Board the appointment, resignation, or dismissal of an external auditor, determine the audit fees and compensations and oversee the auditor's work.
- 7 Discuss the significant observations of external and internal Auditors and the response from the management.
- 8 Review the company's risk management and internal audit functions.
- 9 Ensure the existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
- 10 Deal with any concerns arising from the 'whistleblower' program adopted by the Board to allow for concerns to be raised confidentially.

The Company should hold a minimum of four Audit Committee meetings during each year. During the year, **four** meetings of the Audit Committee were held. The following table summarises the information about the members attendance in the Audit Committee meetings:

Members	22-Feb-2022	28-Apr-2022	02-Aug-2022	01-Nov-2022	% Attended
Mr. Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	100%
Mr. A. Redha Mohamed Redha Aldailami	✓	✓	✓	✓	100%
Mr. Ali Yusuf A.Rahman A. Rahim	✓	✓	x	✓	75%
Mr. Jihad Yusuf Abdulla Amin (upto 30 March 2022)	✓	•	•	•	100%
Mr. Sofyan Khalid Almoayed (from 30 March 2022)	•	✓	✓	✓	100%

Executive Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Executive Committee. The Executive Committee comprises of four directors. The Charter of the Executive Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Executive Committee Members:

- 1 Address specific matters delegated to it by the Board of Directors.
- 2 Make recommendations thereon to the Board and make decisions based on authorities specifically delegated by the Board.
- 3 Review and approve business and investment opportunities and proposals, credit, major procurement, and outsourcing matters, as may be delegated by the Board.

The Company should hold a minimum of **four** Executive Committee meetings during each year. During the year, four meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	02-Jun-22	04-Oct-22	01-Dec-22	26-Dec-22	% Attended
Mr. Ebrahim Mohamed Ali Zainal	✓	✓	✓	✓	100%
Mr. Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	✓	100%
Dr. Esam Abdulla Yousif Fakhro	✓	✓	✓	✓	100%
Mr. Jihad Yusuf Abdullah Amin	✓	✓	✓	✓	100%

Corporate Governance Disclosure

6 COMMITTEES (continued)**Nomination and Remuneration Committee:**

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises of four directors. The Charter of the Nomination and Remuneration Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Nomination and Remuneration Committee Members:

- 1 Review the structure of the Board, periodically evaluate the directors' performance, and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company's interests.
- 2 Ensure that adequate policies and procedures are in place for the evaluation of the performance of executive management.
- 3 Review the remuneration & sitting fees of the directors and making recommendations to the Board about their decision.
- 4 Approval of succession plans of senior management before the plans are presented to the Board for approval.

The Company should hold a minimum of two Nomination and Remuneration Committee meetings during each year. During the year, **three** meetings of the Nomination and Remuneration Committee were held. The following table summarises the information about the members attendance in the Nomination and Remuneration Committee meetings:

Members	02-Jun-2022	04-Oct-2022	26-Dec-2022	% Attended
Mr. Ebrahim Mohamed Ali Zainal	✓	✓	✓	100%
Mr. Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	100%
Dr. Esam Abdulla Yousif Fakhro	✓	✓	✓	100%
Mr. Jehad Yusuf Abdullah Amin	✓	✓	✓	100%

Corporate Governance Committee:

Mr Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Corporate Governance Committee. Corporate Governance Committee comprises of four directors. The Charter of the Corporate Governance Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Corporate Governance Committee Members:

- 1 Assist the board in developing Company's Corporate Governance policy framework and recommending changes from time to time to the framework developed.
- 2 Ensure the Company's practices conform to its corporate governance policy and is aligned to good governance practices.

The company should hold a minimum of one Corporate Governance Committee meeting during each year. **One** meeting of the Corporate Governance Committee was held. The following table summarises the information about the members attendance in the Corporate Governance Committee meetings:

Members	01-Nov-2022	% Attended
Mr. Ebrahim Salahuddin Ahmed Ebrahim	✓	100%
Mr. A.Redha Mohamed Redha Aldailami	✓	100%
Mr. Ali Yusuf A.Rahman A.Rahim	✓	100%
Mr. Sofyan Khalid Almoayed	✓	100%

7 CORPORATE GOVERNANCE**Actions taken to complete the Corporate Governance Code**

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company has established the Code which provides an ethical and legal framework for all employees in the conduct of its business. The Code also defines how the Company relates to its employees, shareholders and the community in which the Company operates.

Corporate Governance Disclosure

7 CORPORATE GOVERNANCE (continued)**Actions taken to complete the Corporate Governance Code** (continued)

The Board of Directors has adopted the Code and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Government entities, communities, business partners and general workplace behaviour having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

Compliances with the corporate governance code

Management and Board of Directors ensure compliance with corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code and did not note any non-compliance during the years ended 2022 other than those reported under point 16 of this report.

8 CORPORATE GOVERNANCE OFFICER

S.No.	Name	Date of Appointment	Contact Details
1	Mrs. Fatima Bushihri	29/12/2022	Phone: +973-17729000 e-mail: fatima@trafco.com

9 IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There are no irregularities committed during the year 2022.

10 EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2022, in addition to a description of the auditor's years of service as the Company's external auditor is as follows:

Name of the audit firm	Ernst & Young – Middle East
Years of service as the Company's external auditor	23 years
Name of the partner in charge of the Company's audit	Kazim Merchant
The partner's years of service as the partner in charge of the Company's audit	Fourth year
Total audit fees for the financial statements for the year 2022 (in BD)	Information about audit fees is available on request from Corporate Governance Officer.
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 (in BD) if any. In the absence of such fees, this shall be expressly stated	

11 CONFLICT OF INTEREST

No conflicts of interest arose during the years ended 2022. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating in the discussion of such transaction or resolution to be taken. Members of the Board of Directors or its Committees usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution and concerned member(s) refrain from voting on these transactions or resolution where a conflict of interest arise.

12 RELATED PARTY TRANSACTIONS

All related party transactions are done on an arm's length basis and approved by the management of the Group. No employee or director or member of executive management can trade the shares with material information which is not made public. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction is detailed in section 17. All transactions listed in section 17 is with common directors except Bahrain Livestock Company B.S.C. (c) which is an Associate till 31st May 2022.

13 MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to providing relevant and timely information to its shareholders, investors and regulators in accordance with its continuous disclosure obligations defined in the Code. Information is communicated to shareholders and regulators through the distribution of the Company's Annual Report and other information released about the significant matters through the Company's website in a timely manner. The Board Secretary is responsible for communications with the shareholders and regulators, ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

14 EVALUATION OF BOARD PERFORMANCE

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting. The Board of Directors evaluates the performance of the Chairman and Group CEO in the Board of Directors meeting.

During the year, 2022, evaluation was done in the following ways:

The Board has introduced annual performance evaluations of Board, its Committees, individual directors and executive management in accordance with their respective terms of reference and appointment agreements with the aim of improving the effectiveness and contributions towards the Group.

The evaluation is designed to determine whether the Board, its Committees, individual directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

15 CONTRIBUTIONS TOWARDS COMMUNITY DEVELOPMENT AND ESG

During the year 2022, the total contribution to Charitable societies and others BD 49,330.

A. ENVIRONMENTAL

- a. Forever Green Campaign - planted more than 3000 various plants across Bahrain.
- b. Using Electric Forklift instead of Diesel Forklift to avoid environmental pollution.
- c. Installed Solar system in the Hidd warehouse.

B. SOCIAL

- a. Major Donations :
 - i. Mohammed Bin Khalifa Cardiac Centre
 - ii. Public Commission for the Protection of Marine Resources, Environment & Wildlife
 - iii. National Institute of Disabled
 - iv. Bahrain Down Syndrome Society
 - v. Bahrain Kidney Patients Friendship Society
 - vi. Bahrain Diabetes Society
 - vii. Bahrain Cancer Society
 - viii. The National Initiative for Agricultural Development – Al Ghouse Park
- b. Cash donations to 51 Societies and Associations
- c. 1,303 number of Ramadan baskets distributed to the societies during Ramadan
- d. Donation to needy staff's family medical and other expenses
- e. Introduced policy for staffs children university education fee reimbursement

C. GOVERNANCE

- a. Annual Disclosure of Corporate Governance in the Annual Report.
- b. Board Committees to Oversee and monitor adherence to best Corporate Governance practices and compliances.

Corporate Governance Disclosure

16 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Principle	Non-compliant	Partially Compliant*	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.		✓		
Principle 2: The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.		✓		
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.		✓		
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.		✓		
Principle 9: The Company which offers Islamic services shall adhere to the principles of Islamic shari'a.			NA	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	

* Partially complaints are explained in the following pages

Trafco Group B.S.C. currently complies with all the provisions of the Code with the exception of following:

- 1 The Corporate Governance Code requires that the Chairman of the Board of Directors should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non-independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis by the relative management, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

Corporate Governance Disclosure

16 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE (continued)

Trafco Group B.S.C. currently complies with all the provisions of the Code with the exception of following (continued)

- 2 The Corporate Governance Code provides that no director of the Company shall hold more than 5 directorships in public companies in Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election/ re-election of any such director. Mr. Jehad Yousif Amin Director of the Company hold more than five directorships in Bahraini Public shareholding companies but his directorships in more than five Bahraini Public shareholding Companies does not dilute the sanctum sanctorum of the interests of the Company and does not affect the effectiveness and efficiency of the Board of Directors as Mr. Jehad Yousif Amin is an active member of the Board and provides required attention in discharge of his responsibilities as a director of the company and there exists no conflict of interest between his directorships in other Companies and his directorship in Trafco Group BSC.
- 3 The Corporate Governance Code provides that the Chairman of the Nomination and Remuneration Committee should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non-independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
- 4 The Corporate Governance Code provides that the Chairman of the Audit Committee should be an Independent Director. Mr. Ebrahim Salahuddin Ahmed Ebrahim is a non-independent director as per the provision Appendix (1) (3) (e) of the code as he is a Nominee director in Subsidiary Companies wholly owned by Trafco Group BSC. He is also the Chairman in Corporate Governance Committee. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Salahuddin Ahmed Ebrahim status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
- 5 Most of the Company Directors' are representing in group subsidiary companies wholly or partially owned by Trafco Group BSC to have close monitoring and those accounts are consolidated at Group level, hence most of them treated as non-Independent directors as per the Appendix (1) (3) (e) of the code. However, this does not dilute the highest standards of corporate governance that the company maintains.

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS**Related party details for the year 2022**

1	TRAFCO	-	Trafco Group B.S.C
2	ADC	-	Awal Dairy Company W.L.L.
3	BWBC	-	Bahrain Water Bottling & Beverages Company W.L.L.
4	BFFC	-	Bahrain Fresh Fruits Company W.L.L.
5	TLC	-	Trafco Logistics Company W.L.L.
6	BLSC	-	Bahrain Livestock Company W.L.L (w.e.f. 1st June 2022)

Abdulla Yusif Fakhro & Sons BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	349	-	-	-	349
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	127	-	-	-	127
Payables	317	-	601	-	-	-	918
Other expenses	2,494	-	1,279	-	-	350	4,123

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	61,453	-	-	17,958	-	-	79,411
Purchases	220	-	-	-	-	-	220
Other income	-	-	-	-	-	-	-
Receivables	36,224	-	-	370	-	-	36,594
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

Bahrain National Holding BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	24,808	7,807	-	-	-	-	32,615
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Cinema Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	300	-	-	-	-	-	300
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Duty Free Shop Complex (BSC)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	3,300	-	-	-	-	-	3,300
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Livestock Company (upto 31 May 2022)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,871	-	29	268	-	-	8,169
Purchases	751	-	-	-	-	-	751
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Banader Hotels Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	2,068	-	-	-	-	1,714	3,781
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	501	-	-	-	-	620	1,121
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

BANZ Group BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	270,184	-	-	-	-	-	270,184
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

BANZ Trading & Contracting WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	2,636	-	-	-	2,636
Purchases	3,003	-	6,240	-	11,241	-	20,484
Other income	-	-	-	-	-	-	-
Receivables	-	-	900	-	-	-	900
Payables	94	-	-	-	2,053	-	2,147
Other expenses	-	-	-	-	-	-	-

BMMI BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	96,637	20,650	-	-	-	-	117,287
Purchases	12,857	-	-	-	-	-	12,857
Other income	55,185	-	-	-	-	-	55,185
Receivables	51,141	6,898	-	-	-	-	58,039
Payables	5,633	-	-	-	-	-	5,633
Other expenses	-	-	-	-	-	-	-

Delmon Poultry Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	15,797	-	-	-	-	-	15,797
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ebrahim K Kanoo BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	22,489	-	-	-	22,489
Purchases	-	-	-	-	9,066	-	9,066
Other income	-	-	-	-	-	-	-
Receivables	-	-	9,989	-	-	-	9,989
Payables	743	-	828	30	4,283	-	5,884
Other expenses	4,795	-	1,766	930	-	-	7,491

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

Mohamed Ali Zainal Abdulla BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,814	53,295	-	-	-	-	61,109
Purchases	764	239,622	-	-	-	3,200	243,586
Other income	-	-	-	-	-	-	-
Receivables	-	14,905	-	-	-	-	14,905
Payables	32	6,750	-	-	-	605	7,387
Other expenses	-	-	-	-	-	-	-

Mohamed Jalal & Sons Company	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	152,074	-	-	53,720	-	496	206,290
Purchases	14,213	-	-	-	-	-	14,213
Other income	-	-	-	-	-	-	-
Receivables	94,337	-	-	17,381	-	496	112,214
Payables	828	-	-	-	-	-	828
Other expenses	-	-	41	-	-	-	41

Motor City Holding BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	558	-	-	-	558
Purchases	-	-	-	-	-	252	252
Other income	-	-	-	-	-	-	-
Receivables	-	-	369	-	-	-	369
Payables	-	-	1,000	219	-	-	1,219
Other expenses	171	-	1,243	1,888	-	-	3,302

National Transport Company	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	700	-	-	-	-	700
Other expenses	-	4,200	-	-	-	-	4,200

Saleh Alsaleh Company WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	8,488	-	-	8,590	-	-	17,078
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	22	-	-	2,790	-	-	2,812
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

The Food Supply Company WLL	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,000	19,604	3,019	-	19	-	29,642
Purchases	11,618	-	26,626	-	-	-	38,244
Other income	-	-	-	-	-	-	-
Receivables	19,385	12,026	1,863	-	21	-	33,295
Payables	8,666	-	9,238	-	-	-	17,904
Other expenses	-	-	-	-	-	-	-

United Paper industries	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	7,561	274,525	102,197	-	-	-	384,283
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	64,092	39,783	-	-	-	103,875
Other expenses	-	-	-	-	-	2,266	2,266

Yousuf Abdul Rahman Engineer	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,491	-	-	-	-	-	7,491
Purchases	255	8,867	-	-	-	-	9,122
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	30,274	-	-	-	-	30,274
Other expenses	-	163,034	-	402	-	-	163,436

Ebrahim Salahuddin	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	1,200	-	-	-	-	-	1,200
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Jehad Yousif Amin	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	600	-	-	-	-	-	600
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

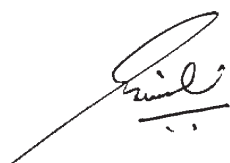
Khalid A.Rahman Almoayed	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	1,337	-	-	-	-	-	1,337
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	26	-	-	-	-	-	26
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Yousif Saleh Al Saleh	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	36	-	-	-	-	-	36
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	29	-	-	-	-	-	29
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Associates company	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,871	-	29	268	-	-	8,169
Purchases	751	-	-	-	-	-	751
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Common directorship	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	346,198	93,549	29,051	80,268	19	2,210	551,295
Purchases	50,490	523,014	135,063	-	20,308	3,452	732,326
Other income	369,574	7,807	-	-	-	-	377,381
Receivables	201,664	33,829	13,247	20,541	21	1,116	270,418
Payables	16,312	101,816	51,451	249	6,336	605	176,769
Other expenses	7,460	167,234	4,329	3,220	-	2,616	184,859

Description	Sales	Purchase of goods and services	Expenses	Other Income	Due from related parties	Due to related parties
	BD	BD	BD	BD	BD	BD
Associated companies	8,169	751	-	-	-	-
Common directors	551,295	732,326	184,859	377,381	270,418	176,769
Total	559,464	733,077	184,859	377,381	270,418	176,769



Ebrahim Mohamed Ali Zainal
Chairman

26 February 2023