

ANNUAL
REPORT

2024



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



Teamwork
a path to success

www.trafco.com

Unifying our strengths for
a brighter future



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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

47 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\$ 124 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 owning 100% stake in BWBB, BFFC, Trafco Logistics Co. (TLC), Mawashi Trading 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.

BWBB: Bahrain Water Bottling & Beverages Company, 100% subsidiary of TRAFCO has received 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 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 cheese from Lactalies Europe, and Chiquita brand bananas from Ecuador, Unef Chicken from Brazil.

Trafco Logistics: Trafco Logistics Company, which commenced its operation in the year 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\$ 18 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 completed construction of additional frozen storage facility of 2,500 sq meter at a cost of BD 3 millions and started commercial use in 2025, since its customer base is increasing including contracts with the government institution.

MTC: Mawashi Trading Company (Formerly known as Bahrain Livestock Company) was established in year 2000, with effective from June 2022 TRAFCO GROUP acquired 100% ownership in this company. This company owned the central slaughterhouse of Bahrain, a 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.

Cohesiveness & Unity, our path to success

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

SWOT Analysis

Strength

- 47 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

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.

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

Leading the Team towards greater Productivity



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	Supply Chain Manager
7) Surendran Ramesh	Finance Manager
8) Fatima Bushihri	Board Secretary, Corporate Governance & Compliance



Group Companies

- | | |
|----------------|--|
| 1) Raju Joseph | Operations Manager - Trafco Logistics Company W.L.L. |
| 2) Mahesh R | Operations Manager - Bahrain Water Bottling & Beverages Company W.L.L. |

Banks

- 1) National Bank of Bahrain
- 2) Ahli United Bank
- 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) Mawashi Trading 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%

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
Supply Chain Manager



Surendran Ramesh
Finance Manager



Fatima Bushihri
*Board Secretary,
Corporate Governance &
Compliance*

Management Team

Group Companies Operations Management



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



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



Mahesh R
*Operations Manager,
Bahrain Water Bottling &
Beverages Company W.L.L.*

Report of the Board of Directors

Collective team effort
can make the impossible
possible



In the name of Allah, Most Gracious, Most Merciful.

Despite some monthly increases in the prices of major food commodities during the major part of the year 2024, mainly caused by increase in the prices of dairy products, meat and vegetable oils, but, the General Index of the Food and Agriculture Organization of the United Nations (FAO) was published on average about 2% below the year 2023 price average. While the average prices of vegetable oils increased by 12% and dairy products by about 5%, the average prices of sugar in the world markets fell significantly by about 19% from the average prices in the previous year. On the other hand, rice prices globally have stabilized, while cereal prices have declined. International prices of skimmed milk powder and butter in the dairy industry recorded a sharp decline in the last quarter of the year due to weak global demand and stock accumulation against the high prices of whole milk powder.

The state of anxiety and instability in international shipping continued as a result of the ongoing wars in the Middle East, Ukrainian war and the continued diversion of international shipping lines from the Red Sea due to security concerns at the Bab Al-Mandab, which led to the interruption of the arrival of some goods from their sources to the Gulf, such as eggs from Ukraine and Turkey, and the delay in the arrival of shipments from Europe and Latin America, and the increase in shipping fees for containers, especially from the ports of India, has led to an increase in the cost of Indian sugar shipments arriving in the Gulf. On the other hand, the accumulation of containers at Jebel Ali Port has led to a lot of delays in the transshipment of a number of containers destined for Bahrain. One of the positive indicators for the past year is the gradual decline in the bank borrowing interest rate during the last quarter of the year, which, if it continues in the coming months, will inevitably have a direct impact on the cost of services in general.

Trafco Group managed to retain its total share in the food commodities market as a primary provider of frozen chicken, dairy products and meat, and the Group's total revenue for the financial year ended 31 December 2024, amounted to BD 46.8 million with an increase of 1.6% compared to the previous year, which was BD 46.1 million. While the total net profit for the fiscal year attributable to the Group's shareholders was BD 1.83 million compared to BD 1.75 million for the previous year, an increase of about 4.3%, and the total shareholders equity decreased by 3.3% from BD 30.2 million to BD 29.2 million this year. The Group's total comprehensive profit dropped from BD 3 million to BD 264k, a decrease of about 91% as a result of fair value change mainly due to the unquoted investments. In compliance with International Financial Reporting Standards followed by the company, the realized profit from sale of portfolio of shares owned by the group attributable to Trafco group shareholders amounted to BD 103k were not included in the profit or loss account but were added directly to the total shareholders' equity.

Report of the Board of Directors

Awal Dairy Company W.L.L:

The good performance of the sister company continued during the year, at the level of the local market and in some export countries, especially in the Kuwait market. The company achieved total sales of about BD 22.2 million, an increase from the previous year, which was about BD 21.3 million, an increase of 4.1% and it also offered new products in the markets. The company continued to obtain new commitments from many Gulf companies and international companies to pack a number of its products under their trade name. It is planned that there will be other products offered by the company before the next Ramadan season in the local market and through its branches in Kuwait and Saudi Arabia.

In terms of the company's production capacities, the executive management is rearranging the current site to provide additional spaces to accommodate new production lines that are expected to be installed during the new year. It is also for the first time owned by purchasing a piece of land with warehouses ready to use around 4000 Square meters in Samajeej – Galali area, this will increase its storage capacity for raw materials so that it can meet the growing demand for its products and reduce the cost and dependence on storage with other parties. The financial situation of the company in general is excellent and the management continues to implement its investment plans to expand its facilities and production lines.

Mawashi Trading Company W.L.L:

The fiscal year 2024 was not a good year for the 100% owned livestock company as a result of the sharp decline in sales volume in the live sheep and meat sector due to intense competition and low profit margin, while sales increased in the catering department for hotels and restaurants. The company's results were negative this year, as it recorded losses of about BD 99k that were included in the consolidated financials. Corrective measures have been taken for the executive management and the company's activity in general. The company continues to operate as one of the providers of fresh, chilled and frozen meat and other food commodities in the local market, and its central slaughterhouse in Sitra is operating normally despite the decline in demand for live sheep other than at the time of occasions and holidays. It is hoped that the performance of the company will improve, and its results will be positive in the coming period with the changes taken to reconsider the management and their performance. During the year, the company's trade name was changed from Bahrain Livestock Company WLL to Mawashi Trading Company WLL to be in line with the company's new directions and business diversification.

Trafco Logistics Company W.L.L:

The subsidiary continues its business as a storage services provider and records a good performance during the fiscal year and achieves a net profit from its operations of about BD 109k, a decrease of 13.24% from last year's profits as a result of intense competition and the increase in the cost of services provided. By the end of the fiscal year, the construction and expansion of the new warehouses at the company's current site have been completed at a cost of about BD 3 million, including equipment, and this investment is expected to add additional space for storing refrigerated, frozen and dry goods to provide services to third parties and subsidiaries of the Group. This expansion will begin to put in operation during January of the New Year.

Bahrain Water Bottling & Beverages Company W.L.L:

With more than 15 water bottling manufacturing and marketing companies in Bahrain, the demand for bottled water is increasing, especially from mosque and charity services. The company's total sales of water and other materials amounted to BD 1.96 million, an increase of about 12.4% over the previous year's total sales of BD 1.74 million, and achieved a net profit of BD 161k for the fiscal year, compared to BD 41k in the previous year with an increase of 296%. The company was able to export bottled water to foreign markets and the volume of sales for large 5 gallon bottles increased after a new marketing & distribution policy was implemented to reach all sectors. The company plans to invest in new equipment for the production and packaging of new different size of water bottles and expects better results in the coming years.

Bahrain Fresh Fruits Company W.L.L:

The company recorded losses in the fiscal year amounting to about BD 57k and total sales of about BD 1.8 million, however these figures were lower than the previous year, as the losses in 2023 were about BD 72k and sales BD 2.1 million. The management of the company was restructured and the former Operations Manager was dispensed. The executive management plans a radical change in the business of this company and expects to expand into new areas and achieve profits in the coming period.

Report of the Board of Directors

Matters related to governance and social responsibility:

The group complies with all the requirements of governance, and there are specialized committees from the Board of Directors and Executive Management that follow up on these matters periodically and take the necessary measures to implement any instructions or observations made by the supervisory or financial control authorities and the internal or external auditor. The attached financial report details 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 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 statements for review.

In compliance with the requirements of the Commercial Companies Law and in implementation of the instructions of the supervisory authorities, the detailed table below shows the remuneration and attendance fees to each member of the Board of Directors received during the year and second table shows the total salaries and bonuses disbursed to the top six executives during the year 2024.

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	-	6,000	-	19,200	25,200	11,700	-	-	-	11,700	-	36,900	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	6,000	-	-	6,000	14,625	-	-	-	14,625	-	20,625	-
Dr. Esam Abdulla Yousif Fakhro	-	6,000	-	-	6,000	11,700	-	-	-	11,700	-	17,700	-
Mr. Jehad Yusuf Abdulla Amin	-	6,000	-	-	6,000	11,700	-	-	-	11,700	-	17,700	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,500	-	-	5,500	11,700	-	-	-	11,700	-	17,200	-
Mr. Sami Mohammed Yusuf Jalal	-	3,000	-	-	3,000	11,700	-	-	-	11,700	-	14,700	-
Mr. A. Redha Mohamed Redha Aldailami	-	5,500	-	-	5,500	11,700	-	-	-	11,700	-	17,200	-
Mr. Ali Yusuf A.Rahman A. Rahim	-	4,500	-	-	4,500	11,700	-	-	-	11,700	-	16,200	-
Mr. Fuad Ebrahim Khalil Kanoo	-	3,000	-	-	3,000	11,700	-	-	-	11,700	-	14,700	-
Mr. Sofyan Khalid Almoayed	-	5,500	-	-	5,500	11,700	-	-	-	11,700	-	17,200	-
Third: Executive Directors:													
Total	-	51,000	-	19,200	70,200	119,925	-	-	-	119,925	-	190,125	-

*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 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	211,900	19,324	11,468	242,692

Report of the Board of Directors

As part of its social responsibility, the group contributed to the campaign of National Afforestation Program (Forever Green) as part of the national initiative for the agricultural sector.

As like every year, the group contributed and participated in financial support for many charitable societies and social service institutions in the Kingdom of Bahrain.

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 2024 as per the Ernst & Young audited financials was BD 1,827,333.

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 18%	BD	1,335,413
• Allocation to Donations & Charity (to be adjusted next year)	BD	60,000

The Directors' remuneration of BD 119,925 for the year 2024 (2023: BD 119,925) (subject to the approval of the annual general meeting) was already provided from the above net profit.

Further, it is worth noting, that the Group has achieved profits on the sale of investment of BD 103k which was not included in the statement of profit or loss but was included in shareholders' equity through other comprehensive income in compliance with IFRS requirements.

Acknowledgements



Chairman



Vice Chairman

In conclusion, we extend our sincere thanks, appreciation and gratitude to all government agencies that cooperated with us to facilitate 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 dealers with the group companies and their commitment to distribution agreements and marketing offers, which facilitated the access of our products to the segments of society and in the different regions of the Kingdom of Bahrain.

We also appreciate with gratitude the efforts of all members of the executive management and employees of the group companies for their sincerity in work and their keenness to provide the best services to the masses of our customers.

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.

Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla Alsaleh
Vice Chairman

Kingdom of Bahrain
26 February 2025

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 2024, 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 material accounting policy information.

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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting standards as issued by International Accounting Standards Board (IASB).

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 Ethics Standards Board for Accountants' 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 2024. 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 11 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 5,116,894 as at 31 December 2024, 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, against online published data and empirical studies to assess their appropriateness and reasonableness. (v) We tested the arithmetical accuracy of the calculation used in the valuation; and (vi) Engaging our internal specialist to assess the reasonableness of the methodology used by management expert. (vii) 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 2024 annual report

Other information consists of the information included in the Group's 2024 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 IFRS Accounting Standards, 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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of 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 2024 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 Abdullatif Al Mahmood.




Partner's Registration No. 295
26 February 2025
Manama, Kingdom of Bahrain

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 BD	2023 BD
Revenue from contracts with customers	5	46,827,601	46,101,412
Costs of revenue		(37,510,876)	(37,117,843)
GROSS PROFIT		9,316,725	8,983,569
Other operating income		202,828	160,537
Personnel costs	6	(4,552,305)	(4,343,590)
General and administrative expenses		(1,121,996)	(1,149,260)
Selling and distribution expenses		(1,408,547)	(1,206,992)
Depreciation on property, plant and equipment	10	(383,621)	(404,161)
Depreciation on right-of-use assets	11	(223,389)	(211,090)
PROFIT FROM OPERATIONS		1,829,695	1,829,013
Investment income	7	1,270,786	1,294,024
Other finance costs	6	(397,314)	(418,014)
Finance costs on lease liabilities	19	(206,909)	(191,968)
Foreign exchange gains - net		57,751	65,310
PROFIT OF THE GROUP FOR THE YEAR		2,554,009	2,578,365
of which attributable to non-controlling interests		(726,676)	(826,251)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,827,333	1,752,114
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	25	24
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		102,921	110,950
- Net changes in fair value of investments at fair value through other comprehensive income		(1,680,356)	1,153,432
		(1,577,435)	1,264,382
<i>Item to be reclassified to profit or loss in subsequent years:</i>			
- Foreign exchange differences on translation of foreign operations		4,266	(21,982)
Other comprehensive (loss) income for the year		(1,573,169)	1,242,400
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR		980,840	3,820,765
of which attributable to non-controlling interests	25	(716,609)	(827,207)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		264,231	2,993,558


Ebrahim Mohamed Ali Zainal
Chairman


Yusuf Saleh Abdulla Alsaleh
Vice Chairman


Azzam Moutragi
Group Chief Executive Officer

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 BD	2023 BD
ASSETS			
Non-current assets			
Property, plant and equipment	10	12,429,324	10,066,355
Right-of-use assets	11	3,290,337	3,169,339
Investments at fair value through other comprehensive income	12	14,221,497	15,960,759
		29,941,158	29,196,453
Current assets			
Inventories	14	11,880,300	11,030,116
Right of return assets		44,436	44,733
Trade and other receivables	15	11,996,791	10,676,652
Cash and cash equivalents	16	1,764,512	5,460,262
		25,686,039	27,211,763
TOTAL ASSETS		55,627,197	56,408,216
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	1,665,000	1,615,000
Fair value reserve	17	6,815,322	8,483,180
Foreign currency reserve	17	(47,083)	(49,259)
Retained earnings - non-distributable	17	496,736	496,736
Retained earnings - distributable		5,142,474	4,597,974
Proposed appropriations	18	1,385,413	1,311,223
Equity attributable to the shareholders of Trafco		29,238,978	30,235,970
Non-controlling interests	25	5,777,254	5,403,645
Total equity		35,016,232	35,639,615
Non-current liabilities			
Lease liabilities	19	3,132,699	3,009,350
Employees' end of service benefits	20	1,589,586	1,550,553
Term loans	22	2,246,737	2,369,475
Retentions payable	23	125,445	56,875
Government grant	21	126,964	37,298
		7,221,431	7,023,551
Current liabilities			
Trade and other payables	23	7,316,851	8,214,116
Import loans	24	2,896,872	3,416,930
Bank overdrafts	16	1,153,651	422,152
Lease liabilities	19	539,667	472,337
Contract and refund liabilities		491,694	372,338
Term loans	22	980,465	843,510
Government grant	21	10,334	3,667
		13,389,534	13,745,050
Total liabilities		20,610,965	20,768,601
TOTAL EQUITY AND LIABILITIES		55,627,197	56,408,216


Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla Alsaleh
Vice Chairman

Azzam Moutragi
Group Chief Executive Officer

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 BD	2023 BD
OPERATING ACTIVITIES			
Profit of the Group for the year		2,554,009	2,578,365
Adjustments for:			
Finance costs	6	397,314	418,014
Gain on disposal of property, plant and equipment, net	6	(4,047)	(18,123)
Investment income	7	(1,270,786)	(1,294,024)
Depreciation on property, plant and equipment	10	969,979	983,637
Depreciation on right-of-use assets	11	429,357	410,944
Provision for slow moving and obsolete of inventories	14	27,136	73,516
Allowance for expected credit losses	15	214,330	124,984
Finance cost on lease liabilities	19	206,909	191,968
Gain on lease termination	19	(257)	(107)
Provision for employees' end of service benefits	20	244,767	235,196
Amortisation of Government grant	21	(3,667)	(3,667)
Operating profit before changes in working capital		3,765,044	3,700,703
Working capital changes:			
Inventories		(877,320)	(596,273)
Right of return assets		297	(4,124)
Trade and other receivables		(1,534,469)	(227,481)
Trade and other payables		(766,782)	1,056,678
Retentions payable		135,713	113,750
Contract and refund liabilities		119,356	76,352
Net cash generated from operations		841,839	4,119,605
Directors' remuneration paid		(190,200)	(187,000)
Employees' end of service benefits paid	20	(205,734)	(216,403)
Net cash flows generated from operating activities		445,905	3,716,202
INVESTING ACTIVITIES			
Additions to property, plant and equipment	10	(3,332,954)	(1,780,204)
Proceeds from disposals of property, plant and equipment		4,053	21,524
Grant received	21	100,000	-
Purchase of investments at fair value through other comprehensive income	12	(196,326)	(62,117)
Proceeds from disposals of investments at fair value through other comprehensive income	12	358,153	363,813
Dividends and interest received		1,270,786	1,294,024
Net cash flows used in investing activities		(1,796,288)	(162,960)

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 BD	2023 BD
FINANCING ACTIVITIES			
Term loans availed	28	1,000,000	1,800,000
Repayment of term loans	28	(985,783)	(682,634)
Import loans availed	28	12,832,561	11,716,551
Repayment of import loans	28	(13,352,619)	(12,058,684)
Payment of principal portion of lease liabilities		(359,419)	(334,217)
Finance costs on lease liabilities		(206,909)	(191,968)
Finance costs paid on loans and borrowings		(404,740)	(429,062)
Dividends paid		(1,261,223)	(1,112,844)
Dividend paid to non-controlling interests	25	(343,000)	(343,000)
Net cash flows used in financing activities		(3,081,132)	(1,635,858)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,431,515)	1,917,384
Net foreign exchange translation differences		4,266	(21,982)
Cash and cash equivalents at 1 January		5,038,110	3,142,708
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	610,861	5,038,110

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Attributable to the shareholders of Trafco Group B.S.C.							
				Reserves			
	Notes	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD
Balance at 1 January 2024		8,067,505	(1,706,644)	3,386,502	4,033,753	1,615,000	8,483,180
Profit for the year		-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	-	(1,565,278)
Total comprehensive income (loss) for the year		-	-	-	-	-	(1,565,278)
2023 Appropriations:							
- General reserve - 2023	17	-	-	-	-	50,000	-
- Dividends paid - 2023	18	-	-	-	-	-	-
2024 - Proposed appropriations:							
- General reserve - 2024	17	-	-	-	-	-	-
- Proposed dividend - 2024	18	-	-	-	-	-	-
Dividend paid to non-controlling interests	25	-	-	-	-	-	-
Transfer of fair value reserve of Investments at fair value through other comprehensive income		-	-	-	-	-	(102,580)
Balance at 31 December 2024		8,067,505	(1,706,644)	3,386,502	4,033,753	1,665,000	6,815,322

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Attributable to the shareholders of Trafco Group B.S.C.							
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
(49,259)	496,736	4,597,974	1,311,223	20,488,607	30,235,970	5,403,645	35,639,615
-	-	1,827,333	-	1,827,333	1,827,333	726,676	2,554,009
2,176	-	-	-	(1,563,102)	(1,563,102)	(10,067)	(1,573,169)
2,176	-	1,827,333	-	264,231	264,231	716,609	980,840
-	-	-	(50,000)	-	-	-	-
-	-	-	(1,261,223)	(1,261,223)	(1,261,223)	-	(1,261,223)
-	-	(50,000)	50,000	-	-	-	-
-	-	(1,335,413)	1,335,413	-	-	-	-
-	-	-	-	-	-	(343,000)	(343,000)
-	-	102,580	-	-	-	-	-
(47,083)	496,736	5,142,474	1,385,413	19,491,615	29,238,978	5,777,254	35,016,232

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Attributable to the shareholders of Trafco Group B.S.C.							
					Reserves		
	Notes	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD
Balance at 1 January 2023		8,067,505	(1,706,644)	3,386,502	4,033,753	1,565,000	7,339,975
Profit for the year		-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	-	1,252,655
Total comprehensive income (loss) for the year		-	-	-	-	-	1,252,655
2022 Appropriations:							
- General reserve - 2022	17	-	-	-	-	50,000	-
- Dividends paid - 2022	18	-	-	-	-	-	-
2023 - Proposed appropriations:							
- General reserve - 2023	17	-	-	-	-	-	-
- Proposed dividend - 2023	18	-	-	-	-	-	-
Dividend paid to non-controlling interests	25	-	-	-	-	-	-
Transfer of fair value reserve of Investments at fair value through other comprehensive income		-	-	-	-	-	(109,450)
Balance at 31 December 2023		8,067,505	(1,706,644)	3,386,502	4,033,753	1,615,000	8,483,180

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Attributable to the shareholders of Trafco Group B.S.C.							
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
(38,048)	496,736	4,047,633	1,162,844	18,607,893	28,355,256	4,919,438	33,274,694
-	-	1,752,114	-	1,752,114	1,752,114	826,251	2,578,365
(11,211)	-	-	-	1,241,444	1,241,444	956	1,242,400
(11,211)	-	1,752,114	-	2,993,558	2,993,558	827,207	3,820,765
-	-	-	(50,000)	-	-	-	-
-	-	-	(1,112,844)	(1,112,844)	(1,112,844)	-	(1,112,844)
-	-	(50,000)	50,000	-	-	-	-
-	-	(1,261,223)	1,261,223	-	-	-	-
-	-	-	-	-	-	(343,000)	(343,000)
-	-	109,450	-	-	-	-	-
(49,259)	496,736	4,597,974	1,311,223	20,488,607	30,235,970	5,403,645	35,639,615

Notes to the Consolidated Financial Statements

At 31 December 2024

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 and Commerce. 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 2025. The Group comprises of the Company and its following subsidiaries and associates:

Relationship / name	Country of incorporation	Ownership interest		Principal activities
		2024	2023	
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.
Awal Dairy Company W.L.L.	Kingdom of Bahrain	51%	51%	Production and supply of milk, juices, ice cream and tomato paste.
Mawashi Trading Company W.L.L. (Formerly Bahrain Livestock Company W.L.L.)	Kingdom of Bahrain	100%	100%	Import of both livestock and chilled meat.
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.

* 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 are 31 December.

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

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL 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 Accounting standards"), 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 2024. 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

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**New and amended standards and interpretations**

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 2024. 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 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current;*
- *Amendments to IAS 7 and IFRS 7 – Disclosures - Supplier Finance Arrangements: In May 2023, the IASB issued these amendments to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk; and*
- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback: In September 2022, the IASB issued amendments to IFRS 16 to 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 adoption of these standards and amendments did not have any effect on the Group's consolidated financial statements.

Domestic minimum top-up tax

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Group's preliminary assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules as it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, it does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.

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).

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**Foreign currency transactions** (continued)*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.

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.

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**Variable consideration** (continued)

- *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.

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.

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.

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period when they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

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.

Capital work-in-progress

The capital work-in-progress is stated at cost less any identified impairment loss and comprises expenditure incurred on the acquisition and installation of property, plant and equipment which is transferred to the appropriate category of asset and depreciated as and when assets are available for use. These include assets that are periodically refurbished.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. If subsequent expenditure is related to a previously capitalised project, it is depreciated over the remaining useful life.

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 of disposal 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.

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**Inventories** (continued)

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

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.

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**Impairment of non-financial assets** (continued)

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.

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;

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

- 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.

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 short term deposits.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- 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 (debt instruments)

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.

Notes to the Consolidated Financial Statements

At 31 December 2024

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

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.

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

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.

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 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.

Notes to the Consolidated Financial Statements

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)**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 of 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.

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.

Notes to the Consolidated Financial Statements

At 31 December 2024

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

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 in hand, short term deposits 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

For Bahraini nationals, the Group makes contributions to the Social Insurance Organisation (SIO). This is a funded defined contribution scheme and the Group's contributions are charged to the consolidated statement of profit or loss in the year to which they relate. The Group's obligations are limited to the amounts contributed to the Scheme.

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. Under a new end of service benefits system for non-Bahraini employees, effective from 1 March 2024, the Group's required to pay the monthly end of service contributions electronically through the Social Insurance Organization (SIO) portal calculated as a percentage of the employees' salaries. Benefits accrued before 1 March 2024 will remain recorded in the Group's consolidated financial statements and will be paid to the employee as or when the employee leaves the Group.

Further, adequate provision is created for staff entitlements in accordance with the labour laws prevailing in the respective countries in which the subsidiaries operate.

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.

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.

Notes to the Consolidated Financial Statements

At 31 December 2024

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**Business combinations and goodwill** (continued)

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 material 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.

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.

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At 31 December 2024

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Estimates and assumptions** (continued)*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 12,530,389 (2023: BD 11,669,555), with a provision for slow moving and obsolete inventories of BD 650,089 (2023: BD 639,439). 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 of disposal 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 2024 and 31 December 2023.

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.

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 12,020,058 (2023: BD 10,591,886), with an allowance for expected credit loss of BD 1,727,246 (2023: BD 1,512,916). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Notes to the Consolidated Financial Statements

At 31 December 2024

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Estimates and assumptions** (continued)*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 2024, the amount recognised as refund liabilities for the expected returns and contract liability for volume rebates was BD 59,512 (2023: BD 59,936) and BD 432,182 (2023: BD 312,402) respectively. Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities at beginning of the year amounted to BD 372,338 (2023: BD 295,986). The Group expects to recognise revenue related to the contract liabilities between 1 to 3 months from the reporting date (2023: between 1 to 3 months).

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).

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 when they become effective:

- Amendments to IAS 21 – Lack of exchangeability: In August 2023, the IASB issued these amendments to IAS 21 to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025;
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments: In May 2024, the IASB issued these amendments which:

Notes to the Consolidated Financial Statements

At 31 December 2024

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

- i) Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- ii) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- iii) Clarify the treatment of non-recourse assets and contractually linked instruments.
- iv) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that refer a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026;

- *IFRS 18 – Presentation and Disclosure in Financial Statements: In April 2024, the IASB issued this standard which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The standard will be effective for annual reporting periods beginning on or after 1 January 2027;*
- *IFRS 19 – Subsidiaries without Public Accountability – Disclosures: In May 2024, the IASB issued this standard which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRSs. The standard will be effective for annual reporting periods beginning on or after 1 January 2027; and*
- *Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: In December 2015, the IASB issued these amendments which clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The effective date for adoption of these amendments has deferred indefinitely.*

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

Notes to the Consolidated Financial Statements

At 31 December 2024

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents the disaggregation of the Group's revenue for the years ended 31 December 2024 and 31 December 2023:

	Wholesale operations		Dairy products and beverages	
	2024 BD	2023 BD	2024 BD	2023 BD
Types of revenue				
Sale of goods	16,256,865	15,596,957	24,082,040	22,979,895
Rendering of services	-	-	-	-
Total revenue	16,256,865	15,596,957	24,082,040	22,979,895
Geographic markets				
Bahrain	16,256,865	15,596,957	18,526,277	17,322,349
Other GCC countries	-	-	5,555,763	5,657,546
Total revenue	16,256,865	15,596,957	24,082,040	22,979,895
Timing of revenue recognition				
Goods transferred at a point in time	16,256,865	15,596,957	24,082,040	22,979,895
Services transferred over time	-	-	-	-
Total revenue	16,256,865	15,596,957	24,082,040	22,979,895

Notes to the Consolidated Financial Statements

At 31 December 2024

Fruits and vegetables		Storage and logistics		Livestock		Total	
2024	2023	2024	2023	2024	2023	2024	2023
BD	BD	BD	BD	BD	BD	BD	BD
1,715,976	2,053,607	-	-	4,188,554	4,820,814	46,243,435	45,451,273
-	-	584,166	650,139	-	-	584,166	650,139
1,715,976	2,053,607	584,166	650,139	4,188,554	4,820,814	46,827,601	46,101,412
1,715,976	2,053,607	584,166	650,139	4,188,554	4,820,814	41,271,838	40,443,866
-	-	-	-	-	-	5,555,763	5,657,546
1,715,976	2,053,607	584,166	650,139	4,188,554	4,820,814	46,827,601	46,101,412
1,715,976	2,053,607	-	-	4,188,554	4,820,814	46,243,435	45,451,273
-	-	584,166	650,139	-	-	584,166	650,139
1,715,976	2,053,607	584,166	650,139	4,188,554	4,820,814	46,827,601	46,101,412

Notes to the Consolidated Financial Statements

At 31 December 2024

6 PROFIT OF THE GROUP FOR THE YEAR

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

	2024 BD	2023 BD
Inventories recognised as an expense on sale of finished goods	34,808,380	34,582,885
Provision for slow moving and obsolete inventories (note 14)	27,136	73,516
Allowance for expected credit losses on trade receivables (note 15)	214,330	124,984
Gain on disposal of property, plant and equipment, net	4,047	18,123
	2024 BD	2023 BD
<i>Finance costs</i>		
Interest on term loans and import loans	354,514	349,389
Interest on bank overdrafts	10,120	41,904
Bank charges	32,680	26,721
	397,314	418,014
	2024 BD	2023 BD
<i>Personnel costs</i>		
Salaries and wages	5,118,543	4,869,177
Contributions for employees' social insurance	381,249	276,379
Employees' end of service benefits (note 20)	244,767	235,196
Other benefits	717,917	718,466
	6,462,476	6,099,218

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

	2024 BD	2023 BD
Costs of revenue	1,910,170	1,755,628
Personnel costs	4,552,306	4,343,590
	6,462,476	6,099,218

Notes to the Consolidated Financial Statements

At 31 December 2024

7 INVESTMENT INCOME

	2024 BD	2023 BD
Dividend income	1,133,863	1,165,300
Interest income	136,923	128,724
	1,270,786	1,294,024

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:

	2024	2023
Profit for the year attributable to the shareholders of Trafco – BD	1,827,333	1,752,114
Weighted average number of shares, net of treasury shares	74,197,575	74,197,575
Basic and diluted earnings per share (fils)	25	24

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.

9 BOOK VALUE AND FAIR VALUE PER SHARE

	2024 BD	2023 BD
Equity as at year end attributable to shareholders of TRAFCO – (BD)	29,238,978	30,235,970
Weighted average number of shares, net of treasury shares	74,197,575	74,197,575
Book value per share (fils)	394	408
Market value per share (fils)*	310	270

* Market value per share is derived from Bahrain Bourse

Notes to the Consolidated Financial Statements

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10 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 2024	2,542,852	9,774,012	14,904,407	2,312,409	3,681,259	1,564,664	34,779,603
Additions	-	23,186	49,990	59,087	82,583	3,118,108	3,332,954
Transfers	-	-	288,453	40,043	148,394	(476,890)	-
Disposals	-	-	-	(7,453)	(27,940)	-	(35,393)
At 31 December 2024	2,542,852	9,797,198	15,242,850	2,404,086	3,884,296	4,205,882	38,077,164
Accumulated depreciation:							
At 1 January 2024	-	6,100,591	13,351,201	2,054,315	3,207,141	-	24,713,248
Depreciation charge for the year	-	279,204	436,865	83,194	170,716	-	969,979
Relating to disposals	-	-	-	(7,449)	(27,938)	-	(35,387)
At 31 December 2024	-	6,379,795	13,788,066	2,130,060	3,349,919	-	25,647,840
Net book values:							
At 31 December 2024	2,542,852	3,417,403	1,454,784	274,026	534,377	4,205,882	12,429,324

Building, plant and equipment having net book values of BD 19,958 (2023: BD 28,043) 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 2,905,171 (2023: BD 3,217,321) are situated on a land leased from Bahrain Real Estate Investment Company (Edamah) B.S.C.(c).

Buildings of a subsidiary having net book value of BD 481,946 (2023: BD 552,806) are situated on a land leased from a related party.

Capital work in progress mainly consist of new cold room storage project. The project is financed by a term loan facility. The amount of borrowing costs capitalised during the year ended 31 December 2024 was BD 127,869 (2023: BD 57,508).

	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 2023	2,542,852	9,658,853	14,752,018	2,281,756	3,758,144	285,697	33,279,320
Additions	-	15,682	54,844	33,588	79,809	1,596,281	1,780,204
Transfers	-	125,000	134,739	7,041	50,534	(317,314)	-
Disposals / write offs	-	(25,523)	(37,194)	(9,976)	(207,228)	-	(279,921)
At 31 December 2023	2,542,852	9,774,012	14,904,407	2,312,409	3,681,259	1,564,664	34,779,603
Accumulated depreciation:							
At 1 January 2023	-	5,849,997	12,954,634	1,964,071	3,237,429	-	24,006,131
Depreciation charge for the year	-	275,603	433,284	100,106	174,644	-	983,637
Relating to disposals / write offs	-	(25,009)	(36,717)	(9,862)	(204,932)	-	(276,520)
At 31 December 2023	-	6,100,591	13,351,201	2,054,315	3,207,141	-	24,713,248
Net book values:							
At 31 December 2023	2,542,852	3,673,421	1,553,206	258,094	474,118	1,564,664	10,066,355

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At 31 December 2024

10 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:

	2024 BD	2023 BD
Costs of revenue	586,358	579,476
Depreciation	383,621	404,161
	969,979	983,637

11 RIGHT-OF-USE ASSETS

	Land BD	Buildings BD	Machinery & equipment BD	Motor Vehicles BD	Total BD
As at 1 January 2024	2,363,459	722,849	-	83,031	3,169,339
Additions/Renewals	152,806	116,047	11,837	209,575	490,265
Remeasurement of lease liabilities	-	94,382	-	7,827	102,209
Termination of lease	-	-	-	(42,119)	(42,119)
Depreciation charge for the year	(205,968)	(173,534)	(1,917)	(47,938)	(429,357)
As at 31 December 2024	2,310,297	759,744	9,920	210,376	3,290,337

	Land BD	Buildings BD	Machinery & equipment BD	Motor Vehicles BD	Total BD
As at 1 January 2023	2,563,313	1,048,827	-	86,981	3,699,121
Additions	-	28,872	-	18,736	47,608
Remeasurement of lease liabilities	-	(151,882)	-	3,923	(147,959)
Termination of lease	-	(18,487)	-	-	(18,487)
Depreciation charge for the year	(199,854)	(184,481)	-	(26,609)	(410,944)
As at 31 December 2023	2,363,459	722,849	-	83,031	3,169,339

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

	2024 BD	2023 BD
Costs of revenue	205,968	199,854
Depreciation	223,389	211,090
	429,357	410,944

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At 31 December 2024

12 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 BD	2023 BD
Quoted equity investments at FVOCI:		
- in Bahrain	8,840,936	9,183,647
- other GCC countries	263,667	306,285
	9,104,603	9,489,932
Unquoted equity investments at FVOCI:		
- in Bahrain	5,046,166	6,399,532
- other GCC countries	70,728	71,295
	5,116,894	6,470,827
Total equity investments at FVOCI:	14,221,497	15,960,759

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

	2024 BD	2023 BD
At 1 January	15,960,759	14,998,073
Purchases during the year	196,326	62,117
Net changes in fair values	(1,577,435)	1,264,382
Disposals during the year	(358,153)	(363,813)
At 31 December	14,221,497	15,960,759

Unquoted equity investments

The fair values of unquoted equity investments have been estimated using fair value provided by the investment managers, external valuation experts or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

Certain unquoted investments are assessed using market multiples. These market multiples used in fair valuation of these unquoted investments incorporates an illiquidity discount factor of 21.95% and a minority discount rate of 15%.

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At 31 December 2024

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
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
31 December 2024	BD	BD	BD	BD
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income:</i>				
Quoted equity	9,104,603	-	-	9,104,603
Unquoted equity	-	-	5,116,894	5,116,894
	9,104,603	-	5,116,894	14,221,497

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
31 December 2023	BD	BD	BD	BD
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income:</i>				
Quoted equity	9,489,932	-	-	9,489,932
Unquoted equity	-	-	6,470,827	6,470,827
	9,489,932	-	6,470,827	15,960,759

Liabilities measured at fair value:

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

During the years ended 31 December 2024 and 31 December 2023, 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, external valuation experts 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:

	2024 BD	2023 BD
At 1 January	6,470,827	4,838,534
Net changes in fair value	(1,337,433)	1,632,293
Disposal	(16,500)	-
At 31 December	5,116,894	6,470,827

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14 INVENTORIES

	2024 BD	2023 BD
Goods for sale	2,632,967	2,018,444
Raw materials and consumables	4,103,827	3,904,907
Goods-in-transit	1,637,678	2,131,015
Finished goods	2,757,550	2,318,577
Spare parts and other items	748,278	657,173
Total inventories at the lower of cost or net realisable value	11,880,300	11,030,116

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

	2024			
	Raw materials and consumables	Finished goods	Spare parts and other items	Total
	BD	BD	BD	BD
At 1 January 2024	175,930	38,312	425,197	639,439
(Reversal) Charge for the year (note 6)	(1,134)	28,270	-	27,136
Written off during the year	(16,149)	(337)	-	(16,486)
At 31 December 2024	158,647	66,245	425,197	650,089

	2023			
	Raw materials and consumables	Finished goods	Spare parts and other items	Total
	BD	BD	BD	BD
At 1 January 2023	307,924	21,975	410,197	740,096
Charge for the year (note 6)	19,620	38,896	15,000	73,516
Written off during the year	(151,614)	(22,559)	-	(174,173)
At 31 December 2023	175,930	38,312	425,197	639,439

Notes to the Consolidated Financial Statements

At 31 December 2024

15 TRADE AND OTHER RECEIVABLES

	2024 BD	2023 BD
Trade receivables - net	10,080,326	8,870,692
Trade receivables - related parties (note 26)	212,486	208,278
	10,292,812	9,078,970
Advances to suppliers	1,296,122	1,023,289
Other receivables	190,810	303,707
Prepayments	101,529	104,876
Deposits	49,304	49,997
VAT receivable, net	66,214	115,813
	11,996,791	10,676,652

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.

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

	2024 BD	2023 BD
At 1 January	1,512,916	1,387,932
Charge for the year (note 6)	214,330	124,984
At 31 December	1,727,246	1,512,916

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At 31 December 2024

15 TRADE AND OTHER RECEIVABLES (continued)

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
2024					
Expected credit loss rate	14.4%	0.4%	1.3%	2.2%	38.9%
Gross trade receivables	12,020,058	4,056,636	2,435,438	1,281,457	4,246,527
Expected credit losses	(1,727,246)	(15,846)	(30,850)	(28,748)	(1,651,802)
Net trade receivables	10,292,812	4,040,790	2,404,588	1,252,709	2,594,725

	Total BD	Current BD	Past due		
			Less than 30 days BD	30 to 60 days BD	More than 60 days BD
2023					
Expected credit loss rate	14.3%	0.1%	1.2%	2.5%	70.8%
Gross trade receivables	10,591,886	4,091,344	2,776,861	1,702,149	2,021,532
Expected credit losses	(1,512,916)	(5,362)	(33,719)	(43,333)	(1,430,502)
Net trade receivables	9,078,970	4,085,982	2,743,142	1,658,816	591,030

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:

	2024 BD	2023 BD
Cash in Hand	131,257	182,384
Bank Balances	1,633,255	5,277,878
Bank overdrafts	(1,153,651)	(422,152)
Cash and cash equivalents	610,861	5,038,110

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

Bank balances include short term deposit of BD 880,000 (2023: BD 3,173,164) with an average effective profit rate of 6.75% (2023: 4.9%) and has an original maturity of twelve months.

The Group has BD 16,790,070 (2023: BD 16,862,218) of undrawn borrowing facilities as at 31 December 2024.

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

	2024 BD	2023 BD
Authorised:		
100,000,000 (2023: 100,000,000) shares of BD 0.100 each	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
80,675,050 (2023: 80,675,050) shares of BD 0.100 each	8,067,505	8,067,505

b) Treasury shares

Treasury shares represent 6,477,475 (2023: 6,477,475) shares amounting to BD 1,706,644 (2023: BD 1,706,644), representing 8.03% (2023: 8.03%) of the issued share capital, held by the Company.

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 (2023: 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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At 31 December 2024

18 DIVIDENDS PAID AND PROPOSED

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

A cash dividend of 18 fils per share, excluding treasury shares, totaling BD 1,335,413 (2023: a cash dividend of 17 fils per share, excluding treasury shares, totaling BD 1,261,223) 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:

	2024 BD	2023 BD
At 1 January	3,481,687	3,934,849
Remeasurement of lease liabilities	102,209	(147,959)
Additions/Renewals	490,265	47,608
Termination of leases	(42,376)	(18,594)
Interest expense for the year	206,909	191,968
Payments during the year	(566,328)	(526,185)
At 31 December	3,672,366	3,481,687
Non-current	3,132,699	3,009,350
Current	539,667	472,337
	3,672,366	3,481,687

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

	2024 BD	2023 BD
Depreciation expense on right-of-use assets (note 11)	429,357	410,944
Interest expense on lease liabilities	206,909	191,968
Gain on termination of lease	(257)	(107)
Total amount recognised in profit or loss	636,009	602,805

The Group had total cash outflows for leases of BD 566,328 in 2024 (2023: BD 526,185). The Group also had non-cash additions to right-of-use assets and lease liabilities of BD 490,265 (2023: BD 47,608).

20 EMPLOYEES' END OF SERVICE BENEFITS

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

	2024 BD	2023 BD
At 1 January	1,550,553	1,531,760
Provided during the year (note 6)	244,767	235,196
Paid to employees	(100,264)	(216,403)
Paid to Social Insurance Organization	(105,470)	-
At 31 December	1,589,586	1,550,553

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20 EMPLOYEES' END OF SERVICE BENEFITS (continued)

Effective 1 March 2024, pursuant to Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, certain portion of the end of service benefits' liability has been transferred to the Social Insurance Organization (SIO), representing the amounts paid by the Company to the SIO on a monthly basis starting March 2024. Such portion of liability would be settled directly by SIO when the relevant employees leave the Company.

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 will be presented as follows:

		2024 BD	2023 BD
At 1 January		40,965	44,632
Received during the year	(i)	100,000	-
Recognised in consolidated statement of profit or loss and other comprehensive income		(3,667)	(3,667)
At 31 December		137,298	40,965
Non-current		126,964	37,298
Current		10,334	3,667
		137,298	40,965

(i) This pertains to the amount received by Group during the year for construction of cold room storage project, which is currently being capitalised under capital work in progress. The completion of this project is anticipated in next year. The grant will be amortized over the useful life of the asset, starting from the date the asset becomes available for use.

22 TERM LOANS

	Interest rate	Maturity	2024 BD	2023 BD
a) Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	September 2025	64,547	146,216
Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	September 2025	75,854	171,593
Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	March 2025	10,917	52,975
Loan from Bahrain Islamic Bank B.S.C. (i)	6.25% p.a.	March 2029	982,873	1,167,242
b) Loan from Habib Bank Limited (ii)	One-month BIBOR plus 1.3% p.a.	December 2028	1,258,333	500,000
c) Loan from Ahli United Bank B.S.C.	Three-month BIBOR plus 3% p.a.	March 2024	-	6,416
d) Loan from Arab Bank (iii)	One-month BIBOR plus 1.75% p.a.	March 2027	834,678	1,168,543
			3,227,202	3,212,985

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

	2024 BD	2023 BD
Non-current	2,246,737	2,369,475
Current	980,465	843,510
	3,227,202	3,212,985

Notes to the Consolidated Financial Statements

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22 TERM LOANS (continued)

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 and the group has no indication that it will have difficulty complying with those covenants.

- i) This represents loan obtained for construction of new cold room storage project. The loan is unsecured and carries interest at the rate of 6.25% p.a. The loan has a term of 72 months and repayment started from May 2023 in 24 quarterly installments.
- ii) This represents a loan to finance the construction of new cold room storage project. The loan is unsecured and carries an interest of 1 month BIBOR plus 1.3%. The loan has a term of 60 months and repayment started from January 2024 in 60 monthly installments. The rate used to determine the amount of borrowing costs eligible for capitalisation was 7.25% which is the Effective Interest Rate (EIR) of the specific borrowing.
- iii) This represents a loan obtained for acquisition of Mawashi Trading Company W.L.L. The loan is unsecured and carries interest at the rate of 1 month BIBOR plus 1.75%. The loan has a term of 59 months and repayment of loan started from July 2022 in 59 monthly equal instalments.

23 TRADE AND OTHER PAYABLES

	2024 BD	2023 BD
Trade payables	4,188,044	5,320,646
Accrued expenses	1,687,541	1,790,701
Advances from customers	150,332	95,973
Other payables	690,905	681,186
Due to related parties (note 26)	474,584	267,308
Retentions payable	250,890	115,177
	7,442,296	8,270,991
Less: Non-current portion	(125,445)	(56,875)
	7,316,851	8,214,116

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 7.5% (2023: 7.5%) per annum and secured by promissory notes issued by the Group. The Group has BD 7,499,805 (2023: BD 6,983,070) of undrawn borrowing facilities relating to import loan as at 31 December 2024. The import loan is subject to the loan covenants from several banks and the group has no indication that it will have difficulty complying with these covenants.

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 for the year ended and as at 31 December 2024 and 31 December 2023 is provided below.

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25 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2024 BD	2023 BD
Summarised statement of profit or loss and other comprehensive income:		
Revenue	22,207,003	21,336,223
Other operating income	64,370	52,223
Costs of revenue	(17,062,521)	(16,315,052)
Selling and distribution expenses	(1,039,187)	(977,383)
Personnel costs	(2,189,848)	(1,978,173)
Other income	143,476	171,216
General and administration expenses	(320,450)	(305,453)
Depreciation on property, plant and equipment	(139,220)	(148,781)
Depreciation on right-of-use of assets	(152,899)	(140,954)
Finance costs on lease liabilities	(81,308)	(72,950)
Finance costs others	(4,155)	-
Exchange gains - net	57,751	65,310
Profit for the year	1,483,012	1,686,226
Other comprehensive (loss) income	(20,545)	1,951
Total comprehensive income for the year	1,462,467	1,688,177
Attributable to non-controlling interests	716,609	827,207
Dividends paid to non-controlling interest	343,000	343,000

	2024 BD	2023 BD
Summarised statement of financial position:		
Inventories (current)	6,736,613	6,651,472
Cash and bank balances (current)	1,307,143	2,279,525
Right-of-use assets (non-current)	1,113,195	1,098,052
Property, plant and equipment (non-current)	2,945,655	1,672,732
Investments at fair value through other comprehensive income (non-current)	1,224,696	1,239,627
Trade and other receivables (current)	4,803,493	4,541,181
Trade and other payables (current)	(3,477,499)	(4,454,450)
Government grant (current)	(3,667)	(3,667)
Government grant (non-current)	(33,625)	(37,298)
Lease liabilities (current)	(150,613)	(299,111)
Lease liabilities (non-current)	(1,055,066)	(885,038)
Bank Overdraft	(780,376)	-
Employees' end of service benefits (non-current)	(839,635)	(775,178)
Equity	11,790,314	11,027,847
Attributable to:		
Equity holders of parent	6,013,060	5,624,202
Non-controlling interests	5,777,254	5,403,645
	11,790,314	11,027,847

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25 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised statement of cash flows information:	2024 BD	2023 BD
Net cash flows generated from operating activities	979,110	1,017,542
Net cash flows used in investing activities	(1,613,982)	(144,310)
Net cash flows generated from (used in) financing activities	391,597	(485,956)
Foreign currency translation adjustments	4,266	(21,982)
Net (decrease) increase in cash and cash equivalents	(239,009)	365,294

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 B.S.C. (c)	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.
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.
Delmon Poultry Company B.S.C.	Common director	Dividend received.
Ebrahim K Kanoo B.S.C. (c)	Common director	Purchases of vehicles, spare parts and services received.
Yousif Abdulrahman Engineer Company W.L.L.	Common director	Services rendered.
Mohammed Ali Zainal Abdulla (MAZA) B.S.C. (c)	Common director	Purchases of goods and services.
Jalal Travel Agency W.L.L.	Common director	Services received.
Mohammed Jalal & Sons Company Limited W.L.L	Common director	Purchases and sales of goods.
Wadi Al Salam Tissue And Food Stuff Company W.L.L.	Common director	Purchases of goods and services.
Motor City Holding B.S.C. (c)	Common director	Purchase of goods and services received.
National Transport Company W.L.L.	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. (c)	Common director	Purchases of goods.
Yousuf Abdul Rehman Engineer Holding W.L.L.	Common director	Services received.

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26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	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 2024	BD	BD	BD	BD	BD	BD
Entities with common directors	656,956	2,136,435	307,778	748,511	212,486	474,584
	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 2023	BD	BD	BD	BD	BD	BD
Entities with common directors	702,808	1,861,755	202,843	737,196	208,278	267,308

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 2024 and 31 December 2023, the Group has not recorded any allowance for expected credit losses on amounts owed by related parties.

Compensation of key management personnel

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

	2024 BD	2023 BD
Directors' remuneration	119,925	119,925
Directors' fees	70,200	67,000
	190,125	186,925
Key management personnel		
Short-term benefits	231,224	223,134
Employees' end of service benefits	11,468	7,853
	242,692	230,987
	432,817	417,912

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

Estimated capital expenditure contracted for at the reporting date but not provided for amounted to BD 387,538 (2023: BD 1,753,376) 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, amounted to BD 955,174 as at 31 December 2024 (2023: BD 832,627).

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

The Group's financial liabilities comprises of 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.

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*Board of Directors*

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

Executive Committee Board

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.

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, lease liabilities 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 2024 and 31 December 2023.

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 2024 and 31 December 2023;
- 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 2024 and 31 December 2023; 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 2024 and 31 December 2023 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:

	2024		2023	
Increase (decrease) in basis points	+50	-50	+50	-50
(Decrease) increase in profit [in BD]	(30,718)	30,718	(27,570)	27,570

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.

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

	Change in exchange rate	Effect on profit		Effect on other comprehensive income	
		2024 BD	2023 BD	2024 BD	2023 BD
EURO	+5%	2,965	653	-	-
Other currencies	+5%	245	599	-	-
Kuwaiti Dinar	+5%	-	-	13,843	18,012

A similar decrease in foreign exchange rates would have an equal and opposite impact on the Group's profit and other comprehensive income 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.

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 711,075 (2023: BD 798,038).

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) excluding the receivables from the government entities. 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.

Bank balances

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

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 31% of the outstanding trade receivables at 31 December 2024 (2023: 31%).

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.

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2024 BD	2023 BD
Trade receivables (note 15)	10,292,812	9,078,970
Bank balances (note 16)	1,633,255	5,277,878
Other receivables (note 15)	190,810	303,707
Deposits (note 15)	49,304	49,997
	12,166,181	14,710,552

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.

2024	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	-	5,503,865	250,890	-	-	5,754,755
Import loans	-	1,848,122	1,405,672	-	-	3,253,794
Lease liabilities	-	168,865	45,864	617,289	3,516,348	4,348,366
Term loans	-	297,866	801,137	2,376,901	-	3,475,904
Bank overdrafts	1,153,651	-	-	-	-	1,153,651
	1,153,651	7,818,718	2,503,563	2,994,190	3,516,348	17,986,470

2023	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	-	6,365,113	115,177	-	-	6,480,290
Import loans	-	3,478,862	-	-	-	3,478,862
Lease liabilities	-	106,991	261,659	878,896	2,407,848	3,655,394
Term loans	-	290,800	634,532	2,494,372	-	3,419,704
Bank overdrafts	422,152	-	-	-	-	422,152
	422,152	10,241,766	1,011,368	3,373,268	2,407,848	17,456,402

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Changes in liabilities arising from financing activities of the consolidated statement of cash flows**

	As at 1 January 2024	Cash flows		Others	As at 31 December 2024
	BD	Availed BD	Payments BD	BD	BD
Dividend payable	-	-	(1,261,223)	1,261,223	-
Term loans	3,212,985	1,000,000	(985,783)	-	3,227,202
Import loans	3,416,930	12,832,561	(13,352,619)	-	2,896,872
Retentions payable	56,875	-	-	194,015	250,890
Lease liabilities	3,481,687	-	(566,328)	757,007	3,672,366
	10,168,477	13,832,561	(16,165,953)	2,212,245	10,047,330

	As at 1 January 2023	Cash flows		Others	As at 31 December 2023
	BD	Availed BD	Payments BD	BD	BD
Unclaimed dividend payable	52,116	-	(1,112,844)	1,112,844	52,116
Term loans	2,095,619	1,800,000	(682,634)	-	3,212,985
Import loans	3,759,063	11,716,551	(12,058,684)	-	3,416,930
Retentions payable	1,427	-	-	55,448	56,875
Lease liabilities	3,934,849	-	(526,185)	73,023	3,481,687
	9,843,074	13,516,551	(14,380,347)	1,241,315	10,220,593

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 2024 and 31 December 2023.

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 of 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).

Notes to the Consolidated Financial Statements

At 31 December 2024

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management** (continued)

	2024 BD	2023 BD
Trade and other payables	7,316,851	8,214,116
Import loans	2,896,872	3,416,930
Lease liabilities	3,672,366	3,481,687
Bank overdrafts	1,153,651	422,152
Term loans	3,227,202	3,212,985
Contract and refund liabilities	491,694	372,338
Bank balances and cash	(1,764,512)	(5,460,262)
Net debt	16,994,124	13,659,946
Total equity attributable to the shareholders of Trafco	29,238,978	30,235,970
Debt-to-equity ratio	58%	45%

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 2024 and 31 December 2023;
- 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 2024 and 31 December 2023; and
- Fair value of quoted equity investments 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 2024 and 31 December 2023.

Fair value hierarchy

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

Notes to the Consolidated Financial Statements

At 31 December 2024

30 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

Wholesale operations	Import and distribution of foodstuff.
Investments	Investment in quoted and unquoted securities.
Dairy products and beverages	Production, processing and distribution of dairy products, juices, ice-cream, bottling of water and other items.
Fruits and vegetables	Import and distribution of fruits, vegetables and other food items.
Storage and logistics	Providing 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.

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 2024 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 5,555,763 (2023: BD 5,657,546) and profit for the year ended 31 December 2024 amounted to BD 122,709 (2023: BD 249,848). 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 2,278,306 (2023: BD 2,394,586) and total liabilities amounted to BD 2,144,866 (2023: BD 2,261,144). 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

At 31 December 2024

30 SEGMENT REPORTING (continued)

	Wholesale operations		Investments		Dairy products and beverages	
	2024 BD	2023 BD	2024 BD	2023 BD	2024 BD	2023 BD
Revenue - third parties	16,256,865	15,596,957	-	-	24,082,040	22,979,895
Revenue - inter segments	499,214	37,456	-	-	79,973	96,337
Total revenue	16,756,079	15,634,413	-	-	24,162,013	23,076,232
Costs of revenue (excluding depreciation)	(14,109,463)	(13,301,771)	-	-	(17,863,964)	(17,057,377)
Gross profit (excluding impact of depreciation)	2,646,616	2,332,642	-	-	6,298,049	6,018,855
Other operating income	50,930	45,058	-	-	100,204	69,237
Other expenses (excluding depreciation)	(2,106,960)	(2,003,054)	-	-	(4,060,083)	(3,688,778)
Depreciation on property, plant and equipment	(112,931)	(126,318)	-	-	(491,234)	(490,327)
Depreciation on right-of-use of assets	(141,406)	(139,893)	-	-	(295,907)	(284,131)
Profit from operations	336,249	108,435	-	-	1,551,029	1,624,856
Investment income	-	-	2,083,923	2,165,284	154,602	171,216
Finance cost on lease liability	(124,145)	(117,189)	-	-	(114,692)	(107,516)
Finance costs on loans and borrowings	(334,798)	(329,554)	-	-	(4,698)	(26,959)
Exchange gains - net	-	-	-	-	57,751	65,310
Profit (loss) for the year	(122,694)	(338,308)	2,083,923	2,165,284	1,643,992	1,726,907
Capital expenditure	1,506,445	1,353,393	-	-	1,725,268	382,137
Assets	16,640,474	16,348,720	25,303,488	26,358,308	20,313,684	19,435,290
Liabilities	12,934,976	12,717,548	-	-	7,409,928	7,454,978

Notes to the Consolidated Financial Statements

At 31 December 2024

Fruits and vegetables		Storage and logistics		Livestock		Adjustments and eliminations		Total	
2024 BD	2023 BD	2024 BD	2023 BD	2024 BD	2023 BD	2024 BD	2023 BD	2024 BD	2023 BD
1,715,976	2,053,607	584,166	650,139	4,188,554	4,820,814	-	-	46,827,601	46,101,412
59,267	52,869	306,145	200,448	6,540	1,650	(951,139)	(388,760)	-	-
1,775,243	2,106,476	890,311	850,587	4,195,094	4,822,464	(951,139)	(388,760)	46,827,601	46,101,412
(1,501,324)	(1,809,862)	(267,508)	(220,745)	(3,642,391)	(4,132,670)	666,099	183,912	(36,718,551)	(36,338,513)
273,919	296,614	622,803	629,842	552,703	689,794	(285,040)	(204,848)	10,109,050	9,762,899
99,158	62,626	10,549	11,965	7,528	14,069	(65,541)	(42,418)	202,828	160,537
(305,955)	(310,804)	(88,104)	(79,566)	(663,164)	(692,449)	141,419	74,809	(7,082,847)	(6,699,842)
(41,396)	(40,937)	(299,927)	(302,844)	(7,982)	(6,710)	(16,509)	(16,501)	(969,979)	(983,637)
(19,465)	(15,722)	(49,152)	(35,478)	(11,569)	(7,107)	88,142	71,387	(429,357)	(410,944)
6,261	(8,223)	196,169	223,919	(122,484)	(2,403)	(137,529)	(117,571)	1,829,695	1,829,013
-	-	-	-	40,991	40,917	(1,008,730)	(1,083,393)	1,270,786	1,294,024
(20,960)	(16,739)	(67,020)	(50,222)	(1,110)	(1,372)	121,018	101,070	(206,909)	(191,968)
(42,648)	(46,601)	(19,696)	(47,545)	(16,567)	(14,901)	21,093	47,546	(397,314)	(418,014)
-	-	-	-	-	-	-	-	57,751	65,310
(57,347)	(71,563)	109,453	126,152	(99,170)	22,241	(1,004,148)	(1,052,348)	2,554,009	2,578,365
19,401	-	65,316	27,401	16,524	17,273	-	-	3,332,954	1,780,204
1,537,133	1,693,380	3,487,323	3,478,652	3,716,426	3,546,421	(15,371,331)	(14,452,555)	55,627,197	56,408,216
1,116,044	1,198,432	1,496,752	1,597,533	687,519	431,576	(3,034,254)	(2,631,466)	20,610,965	20,768,601

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

Mrs. Fatima A. Bushihri continues as Corporate Governance Officer 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 2024, the Company has issued 80,675,050 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 26 March 2025.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December 2024 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
BANZ Group BSC (C)	6,634,665	8.22%	BANZ Group BSC (C)
Trafco Group BSC	6,477,475	8.03%	Trafco Group BSC (Treasury Shares)

Shareholders as of 31 December 2024 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	56.637%	40.826%	0.653%	98.116%
2	Arab	1.628%	0.112%	-	1.740%
3	Foreign	0.144%	-	-	0.144%
	Total	58.409%	40.938%	0.653%	100.000%

Corporate Governance Disclosure

3 SHAREHOLDER INFORMATION (continued)

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2024 as follows:

S.No.	Shareholding (shares)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2,660	10,425,872	12.92%
2	50,000 to 500,000	174	23,293,234	28.87%
3	500,000 to 5,000,000	19	25,410,158	31.51%
4	More than 5,000,000	3	21,545,786	26.70%
	Total	2,856	80,675,050	100.00%

Description of the significant events that occurred during the year 2024 as follows:

During the year there was 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. (upto 28 March 2024)	None
		Chairman	Bahrain Cinema Company (Cineco) B.S.C.	
		Chairman	Bahrain Islamic Bank B.S.C. (upto 25 March 2024)	
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.	
		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	60	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non-Executive / Non-Independent	61	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non-Executive / Non-Independent	57	Businessman	1995
4	Mr. Jehad Yusuf Abdulla Amin	Director and Executive Committee member / Non-Executive / Non-Independent	46	Businessman	1998
5	Mr. A. Redha Mohamed Redha Aldailami	Director / Non-Executive / Non-Independent	69	Businessman	1981
6	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non-Executive / Non-Independent	62	Businessman	1994
7	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non-Executive / Non-Independent	59	Businessman	1994
8	Mr. Sami Mohammed Yusuf Jalal	Director / Non-Executive / Non-Independent	51	Businessman	1995
9	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non-Executive / Non-Independent	55	Businessman	1995
10	Mr. Sofyan Khalid Almoayed	Director / Non-Executive / Non-Independent	29	Businessman	2022

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. All the present Directors were elected during the Year 2022 for a period of 3 years. 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.

Corporate Governance Disclosure

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

The Company has a formal induction program in place, which is designed for each new Director. The induction program 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.

4.8. Director's Ownership of Company's shares

S.No.	Name	Type of Shares	Number of shares held as at 31/12/2024	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,123,001	2.632%
2	Mr. Yusuf Saleh Abdulla Alsaleh	Ordinary Shares	735,429	0.912%
3	Dr. Esam Abdulla Yousif Fakhro	Ordinary Shares	1,583,161	1.962%
4	Mr. Jehad Yusuf Abdulla Amin	Ordinary Shares	1,251,144	1.551%
5	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	331,115	0.410%
6	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.253%
7	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	343,282	0.426%
8	Mr. Ali Yusuf A. Rahman A. Rahim	Ordinary Shares	149,660	0.186%
9	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.223%
10	Mr. Sofyan Khalid Almoayed	Ordinary Shares	184,744	0.229%
Total Number of shares held by Directors			7,085,194	8.782%

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 31/12/2023	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2024
Mr. Ebrahim Mohamed Ali Zainal	Chairman	2,089,728	-	33,273	2,123,001
Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman	712,238	-	23,191	735,429
Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director	311,115	-	20,000	331,115
Mr. Sofyan Khalid Almoayed	Director	50,000	-	134,744	184,744

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 2024: **Six**

Name of Director	Business Title	04th Jan 2024	26th Feb 2024	27th Mar 2024	12th May 2024	08th Aug 2024	13th Nov 2024	% 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 Jehad Yusuf Abdulla Amin	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	100%
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	✓	✓	✓	✓	✓	100%
Mr Sami Mohammed Yusuf Jalal	Director	✓	✓	✓	✓	✓	✓	100%
Mr A.Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	Director	✓	✓	✓	✓	x	✓	83.33%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	✓	✓	✓	✓	100%
Mr Sofyan Khalid Almoayed	Director	✓	✓	✓	✓	✓	✓	100%

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 remuneration to the directors, subject to AGM approval, for the year 2024 amounted to BD 119,925/- (Year 2023: BD 119,925) and attendance fees paid for the year 2024 to the directors and other allowances for administrative services to the Chairman as per the 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	-	6,000	-	19,200	25,200	11,700	-	-	-	11,700	-	36,900	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	6,000	-	-	6,000	14,625	-	-	-	14,625	-	20,625	-
Dr. Esam Abdulla Yousif Fakhro	-	6,000	-	-	6,000	11,700	-	-	-	11,700	-	17,700	-
Mr. Jehad Yusuf Abdulla Amin	-	6,000	-	-	6,000	11,700	-	-	-	11,700	-	17,700	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,500	-	-	5,500	11,700	-	-	-	11,700	-	17,200	-
Mr. Sami Mohammed Yusuf Jalal	-	3,000	-	-	3,000	11,700	-	-	-	11,700	-	14,700	-
Mr. A.Redha Mohamed Redha Aldailami	-	5,500	-	-	5,500	11,700	-	-	-	11,700	-	17,200	-
Mr. Ali Yusuf A.Rahman A. Rahim	-	4,500	-	-	4,500	11,700	-	-	-	11,700	-	16,200	-
Mr. Fuad Ebrahim Khalil Kanoo	-	3,000	-	-	3,000	11,700	-	-	-	11,700	-	14,700	-
Mr. Sofyan Khalid Almoayed	-	5,500	-	-	5,500	11,700	-	-	-	11,700	-	17,200	-
Third: Executive Directors:													
Total	-	51,000	-	19,200	70,200	119,925	-	-	-	119,925	-	190,125	-

*Other includes allowance paid for follow up and administrative services

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	39	Master's Degree in Business Administration
2	Mr. R. Balasubramanian	Group Financial Controller	37	Fellow Member – Institute of Chartered Accountants of India
3	Mr. Aloysius Noronha	Operations Manager	33	Master's Degree in Business Administration (Marketing)
4	Mr. Sequeira Francisco	Maintenance Manager	40	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
5	Mrs. Layla Darwish	Group Human Resource Manager	34	Education Diploma in Secretarial Studies
6	Mr. Wael Ahmed	Supply Chain Manager	30	-

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 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	211,900	19,324	11,468	242,692

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 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 good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendations 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. A. Redha Mohamed Redha Aldailami 3. Mr. Ali Yusuf A. Rahman A. Rahim 4. Mr. Sofyan Khalid Almoayed	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. Jehad Yusuf Abdullah Amin	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. Jehad Yusuf Abdullah Amin	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. A. Redha Mohamed Redha Aldailami 3. Mr. Ali Yusuf A. Rahman A. Rahim 4. Mr. Sofyan Khalid Almoayed	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	19-Feb-2024	05-May-2024	04-Aug-2024	05-Nov-2024	% Attended
Mr. Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	100%
Mr. A. Redha Mohamed Redha Aldailami	✓	✓	✓	✓	100%
Mr. Ali Yusuf A. Rahman A. Rahim	✓	✓	x	✓	75%
Mr. Sofyan Khalid Almoayed	✓	✓	✓	✓	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 annually as per internal Corporate Governance code. 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	23-Apr-2024	30-Jul-2024	04-Nov-2024	29-Dec-2024	% 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%

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, **two** 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	23-Apr-2024	29-Dec-2024	% 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 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. During the 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	05-Nov-2024	% 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 year ended 2024 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 2024.

10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2024, 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	25 years
Name of the partner in charge of the Company's audit	Abdullatif Al Mahmood
The partner's years of service as the partner in charge of the Company's audit	First year
Total audit fees for the financial statements for the year 2024 (in BD)	BD 25,235/-
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2024 (in BD).	BD 2,750/-

11 CONFLICT OF INTEREST

No conflicts of interest arose during the year ending 2024. 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.

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 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, 2024, 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 2024, the total contribution to Charitable societies and others BD 34,886.

A. ENVIRONMENTAL

- a. Forever Green Campaign - planted more than 2,000 various plants across Bahrain.
- b. Continue to use Electric Forklift instead of Diesel Forklift to avoid environmental pollution.
- c. Continued reliance on Solar system to have green energy in Hidd warehouse.

B. SOCIAL

- a. Donations:
 - i. Parents Care Society
 - ii. Al Hala Club.
- b. Yearly Cash donations to 42 registered Societies and Associations.
- c. 1,352 number of Ramadan baskets distributed to the societies during Ramadan.
- d. Donation to needy staff's family medical and other emergency expenses.
- e. Supporting for staff's children university education fee.
- f. Ministry of Education (Physical training section) - Committed to supply 200,000 water bottles and already supplied 20,000 water bottles during the year.

C. GOVERNANCE

- a. Annual Disclosure of Corporate Governance in the Annual Report.
- b. Board Committees to oversee and monitor adherence to best Corporate Governances practices and compliances on regular basis.
- c. As per the CBB regulation ESG report for the year 2024 is being separately published before end of June 2025.

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 compliant are explained as below:

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.
2. 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.

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)

3. 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.
4. All the directors were elected through election process at AGM and most of them as independent directors, during the subsequent Board Meeting they were nominated to group subsidiary companies wholly or partially owned by Trafco Group BSC as directors, 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 CG code. However, this does not dilute the highest standards of corporate governance that the company maintains.

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS

(Amounts in BD)

Related party details for the year 2024

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. **MTC** - **Mawashi Trading Company W.L.L.**
(Formerly Bahrain Livestock Company W.L.L.)

Abdulla Yusif Fakhro & Sons BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	442	-	-	-	442
Purchases	-	-	2,265	-	-	-	2,265
Other income	-	-	-	-	-	-	-
Receivables	-	-	72	-	-	-	72
Payables	559	-	1,494	-	-	1,278	3,331
Other expenses	4,335	-	-	517	-	2,878	7,730

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	76,975	25,179	-	12,439	-	-	114,593
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	19,064	6,139	-	2,537	-	-	27,741
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain National Holding BSC	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	32,479	12,608	-	-	-	-	45,087
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Bahrain Cinema Company B.S.C	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	6,098	6,098
Purchases	-	-	-	-	-	-	-
Other income	300	-	-	-	-	-	300
Receivables	-	-	-	-	-	1,384	1,384
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Duty Free Shop Complex B.S.C	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	3,300	-	-	-	-	-	3,300
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

BANZ Group B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	1,993	-	891	-	2,884
Purchases	-	-	-	-	-	-	-
Other income	617,564	-	-	-	-	-	617,564
Receivables	-	-	146	-	980	-	1,126
Payables	-	51	-	-	-	-	51
Other expenses	-	1,143	-	-	-	-	1,143

BANZ Trading & Contracting W.L.L	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	1,103	-	-	-	1,103
Purchases	1,272,090	-	260	-	1,790	-	1,274,140
Other income	-	-	-	-	-	-	-
Receivables	-	-	479	-	-	-	479
Payables	251,859	-	-	-	1,397	-	253,256
Other expenses	-	-	-	-	-	-	-

BMMI B.S.C.	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	79,462	-	-	-	-	-	79,462
Purchases	-	-	-	-	-	-	-
Other income	55,185	-	-	-	-	1,800	56,985
Receivables	17,111	-	-	-	-	-	17,111
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Delmon Poultry Company B.S.C.	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	25,275	-	-	-	-	-	25,275
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ebrahim K Kanoo B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	27,216	-	-	-	27,216
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	8,482	-	-	-	8,482
Payables	18,253	-	2,101	124	17,850	-	38,328
Other expenses	30,525	-	19,986	790	23,974	-	75,275

Jalal Travel Agency	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	1,498	-	-	-	-	-	1,498
Other expenses	12,101	-	-	-	-	-	12,101

Mohamed Ali Zainal Abdulla B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	29,046	38,989	-	-	3,537	550	72,122
Purchases	19,643	416,126	-	-	-	13,225	448,994
Other income	-	-	-	-	-	-	-
Receivables	8,800	6,448	-	-	2,333	-	17,581
Payables	-	47,106	-	-	-	3,603	50,709
Other expenses	-	-	-	-	-	-	-

Mohamed Jalal & Sons Company	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	208,589	-	-	22,977	-	4,995	236,561
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	93,975	-	-	12,921	-	1,991	108,886
Payables	-	-	174	-	-	-	174
Other expenses	-	-	158	-	-	-	158

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Motor City Holding B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	807	-	-	-	807
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	510	-	-	-	510
Payables	8,360	-	2,187	10	-	250	10,807
Other expenses	7,946	-	16,631	517	-	8,378	33,472

National Transport Company	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	350	-	-	-	-	350
Other expenses	-	4,200	-	-	-	-	4,200

Saleh Alsaleh Company W.L.L	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	5,353	-	-	1,580	-	-	6,933
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	19	-	-	-	-	-	19
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

The Food Supply Company W.L.L.	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	2,539	78,958	952	-	82	-	82,530
Purchases	24,710	-	20,383	-	-	-	45,093
Other income	-	-	-	-	-	-	-
Receivables	20,708	8,151	22	-	14	-	28,896
Payables	7,648	-	5,115	-	-	-	12,763
Other expenses	-	-	-	-	-	-	-

United Paper industries	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	9,779	251,532	95,649	-	-	-	356,960
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	1,870	71,744	14,817	-	-	-	88,431
Other expenses	-	-	-	-	-	2,688	2,688

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Wadi Al Salam Industries W.L.L	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	2,568	-	-	-	-	-	2,568
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Yousif Abdul Rahman Engineer Company	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	8,636	-	-	-	-	-	8,636
Purchases	431	5,986	-	-	-	-	6,417
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	14,887	-	-	-	-	14,887
Other expenses	-	171,010	-	-	-	-	171,010

Ebrahim Mohd. Ali Zainal	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	10	-	-	-	-	-	10
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ebrahim Salahuddin	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	3,179	-	866	-	-	-	4,045
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	169	-	-	-	-	-	169
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Jehad Yousif Amin	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	2,159	-	-	-	-	884	3,043
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Yousif Saleh Al Saleh	TRAFKO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	108	-	-	-	-	-	108
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	30	-	-	-	-	-	30
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ali Yousif Abdul Rahman A. Rahim	TRAFKO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	10,364	-	-	-	-	-	10,364
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Common directorship	Trafco	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	426,419	143,126	33,378	36,996	4,510	12,527	656,956
Purchases	1,329,219	673,644	118,557	-	1,790	13,225	2,136,435
Other income	734,103	12,608	-	-	-	1,800	748,511
Receivables	159,877	20,738	9,711	15,458	3,327	3,375	212,486
Payables	290,047	134,138	25,888	133	19,247	5,131	474,584
Other expenses	54,908	176,353	36,775	1,824	23,974	13,944	307,778

Description	Sales	Purchase of goods and services	Other Income	Other expenses	Due from related parties	Due to related parties
	BD	BD	BD	BD	BD	BD
Common directors	656,956	2,136,435	748,511	307,778	212,486	474,584



Ebrahim Mohamed Ali Zainal
Chairman

26 February 2025