



Delmon Poultry Company B.S.C
CONDENSED INTERIM FINANCIAL
INFORMATION

30 September 2012

CONDENSED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2012

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Independent auditors' report on review of condensed interim financial information

To
The Board of Directors
Delmon Poultry Company BSC
Hamala – Kingdom of Bahrain

4 November 2012

Introduction

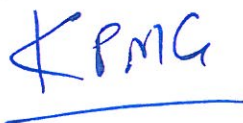
We have reviewed the accompanying condensed statement of financial position of Delmon Poultry Company BSC (the "Company") as at 30 September 2012, the condensed statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended, and explanatory notes ("the condensed interim financial information"). The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 - *Interim Financial Reporting*.




CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 September 2012

Bahraini dinars

| | 30 September 2012 (reviewed) | 31 December 2011 (audited) |
|--------------------------------------|------------------------------------|----------------------------------|
| CURRENT ASSETS | | |
| Cash and bank balances | 76,058 | 262,112 |
| Short-term deposits | 3,539,611 | 3,028,364 |
| Term deposits | 1,005,554 | - |
| Trade receivables | 845,999 | 741,858 |
| Accrued income and other receivables | 934,588 | 1,696,500 |
| Inventory | 1,381,895 | 1,669,613 |
| Total current assets | 7,783,705 | 7,398,447 |
| NON-CURRENT ASSETS | | |
| Available-for-sale investments | 3,751,186 | 4,288,711 |
| Held-to-maturity investments | 500,000 | 500,000 |
| Investment in an associate company | 2,101,384 | 2,096,809 |
| Property, plant and equipment | 625,114 | 493,886 |
| Total non-current assets | 6,977,684 | 7,379,406 |
| TOTAL ASSETS | 14,761,389 | 14,777,853 |
| CURRENT LIABILITIES | | |
| Trade payables | 49,644 | 184,721 |
| Accrued expenses and other payables | 570,683 | 602,187 |
| Total current liabilities | 620,327 | 786,908 |
| NON-CURRENT LIABILITIES | | |
| Provision for indemnity | 37,920 | 33,006 |
| TOTAL LIABILITIES | 658,247 | 819,914 |
| EQUITY | | |
| Share capital | 3,069,097 | 3,069,097 |
| Reserves | 8,143,714 | 8,234,896 |
| Retained earnings | 2,890,331 | 2,653,946 |
| TOTAL EQUITY (page 5,6) | 14,103,142 | 13,957,939 |
| TOTAL EQUITY AND LIABILITIES | 14,761,389 | 14,777,853 |


Yousuf Saleh Al-Saleh
Chairman


Abdulnabi Naser Salman
Vice chairman

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 4 November 2012.

CONDENSED STATEMENT OF INCOME
for the nine months ended 30 September 2012

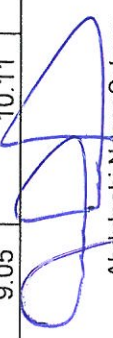
Bahraini dinars

| | 2012 | | | |
|---|------------------------------------|-----------------------------------|--|--|
| | 3 months ended 31 March (reviewed) | 3 months ended 30 June (reviewed) | 3 months ended 30 September (reviewed) | 9 months ended 30 September (reviewed) |
| NET SALES | | | | |
| Cost of sales | 3,559,804 (3,744,255) | 3,432,499 (3,602,826) | 3,660,702 (3,911,108) | 10,653,005 (11,258,189) |
| GROSS LOSS | (184,451) | (170,327) | (250,406) | (605,184) |
| OTHER OPERATING EXPENSES | (124,315) | (170,642) | (153,149) | (448,106) |
| OPERATING LOSS BEFORE GOVERNMENT SUBSIDY | (308,766) | (340,969) | (403,555) | (1,053,290) |
| GOVERNEMENT SUBSIDY | 495,013 | 485,062 | 551,303 | 1,531,378 |
| PROFIT FROM OPERATIONS | 186,247 | 144,093 | 147,748 | 478,088 |
| Investment income | 145,134 | 47,160 | 67,077 | 259,371 |
| Share of profit/ (loss) in an associate company | 10,857 | (5,541) | 150,631 | 155,947 |
| Other income | 5,001 | 451 | 400 | 5,852 |
| Impairment of AFS investments | (4,398) | (41,180) | (400) | (45,978) |
| PROFIT FOR THE PERIOD | 342,841 | 144,983 | 365,456 | 853,280 |

Basic earnings per share of 100 fils each


Yousuf Saleh Al-Saleh
Chairman

| | 2011 | | | |
|--|------------------------------------|-----------------------------------|--|--|
| | 3 months ended 31 March (reviewed) | 3 months ended 30 June (reviewed) | 3 months ended 30 September (reviewed) | 9 months ended 30 September (reviewed) |
| | 2,976,910 (3,274,928) | 3,175,847 (3,430,731) | 3,146,848 (3,485,038) | 9,299,605 (10,190,697) |
| | (298,018) | (254,884) | (338,190) | (891,092) |
| | (105,134) | (123,924) | (142,636) | (371,694) |
| | (403,152) | (378,808) | (480,826) | (1,262,786) |
| | 428,963 | 464,188 | 480,718 | 1,373,869 |
| | 25,811 | 85,380 | (108) | 111,083 |
| | 142,957 | 88,466 | 53,369 | 284,792 |
| | 253,680 5,050 (215) | 141,817 9,333 (45,752) | 264,876 222 (6,527) | 660,373 14,605 (52,494) |
| | 427,283 | 279,244 | 311,832 | 1,018,359 |


Abdulnabi Naser Salman
Vice chairman

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 4 November 2012.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2012

Bahraini dinars

| | 2012 | | | | 2011 | | | |
|--|------------------------------------|-----------------------------------|--|--|------------------------------------|-----------------------------------|--|--|
| | 3 months ended 31 March (reviewed) | 3 months ended 30 June (reviewed) | 3 months ended 30 September (reviewed) | 9 months ended 30 September (reviewed) | 3 months ended 31 March (reviewed) | 3 months ended 30 June (reviewed) | 3 months ended 30 September (reviewed) | 9 months ended 30 September (reviewed) |
| Profit for the period | 342,841 | 144,983 | 365,456 | 853,280 | 427,283 | 279,244 | 311,832 | 1,018,359 |
| Other comprehensive income: | | | | | | | | |
| Fair value reserve (AFS investments): | | | | | | | | |
| -Net change in investments fair value | 133,143 | (68,270) | (146,879) | (82,006) | 40,852 | (187,874) | (86,854) | (233,876) |
| -Company's share in associate's net change in investments fair value | 23,015 | (12,208) | 5,526 | 16,333 | (9,504) | (14,049) | (19,423) | (42,976) |
| -Transferred to income statement on impairment of investments | 4,398 | 367 | 400 | 5,165 | 215 | 45,752 | 6,527 | 52,494 |
| -Transferred to income statement on sale of investments | - | (16,686) | (13,988) | (30,674) | (11,340) | (60,697) | 192 | (71,845) |
| Other comprehensive income for the period | 160,556 | (96,797) | (154,941) | (91,182) | 20,223 | (216,868) | (99,558) | (296,203) |
| Total comprehensive income for the period | 503,397 | 48,186 | 210,515 | 762,098 | 447,506 | 62,376 | 212,274 | 722,156 |

The condensed interim financial information consisting of pages 2 to 11.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2012

Bahraini dinars

| 2012 (reviewed) | Share capital | Treasury shares | Reserves | | | | Retained earnings | Total |
|--|------------------|-----------------|-------------------|------------------|--------------------------------------|--------------------------------|-------------------|-------------------|
| | | | Statutory reserve | General reserve | Development and raw material reserve | Investments fair value reserve | | |
| As at 1 January 2012 | 3,120,928 | (51,831) | 1,560,464 | 3,993,000 | 1,000,000 | 1,681,432 | 2,653,946 | 13,957,939 |
| Total comprehensive income for the period: | - | - | - | - | - | - | 853,280 | 853,280 |
| Other comprehensive income: | - | - | - | - | - | (82,006) | - | (82,006) |
| Fair value reserve (AFS investments): | - | - | - | - | - | 16,333 | - | 16,333 |
| -Change in investments fair value | - | - | - | - | - | 5,165 | - | 5,165 |
| -Company's share in associate's net change in investments fair value | - | - | - | - | - | (30,674) | - | (30,674) |
| -Transferred to income statement on impairment of investments | - | - | - | - | - | - | - | - |
| -Transferred to income statement on sale of investments | - | - | - | - | - | - | - | - |
| Total other comprehensive income for the period | - | - | - | - | - | (91,182) | - | (91,182) |
| Total comprehensive income for the period | - | - | - | - | - | (91,182) | 853,280 | 762,098 |
| Dividend distributed for 2011 | - | - | - | - | - | - | (616,895) | (616,895) |
| At 30 September 2012 | 3,120,928 | (51,831) | 1,560,464 | 3,993,000 | 1,000,000 | 1,590,250 | 2,890,331 | 14,103,142 |

The condensed interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2012

Bahraini dinars

| 2011 (reviewed) | Share capital | Treasury shares | Reserves | | | | Retained earnings | Total |
|--|---------------|-----------------|-------------------|-----------------|--------------------------------------|--------------------------------|-------------------|------------|
| | | | Statutory reserve | General reserve | Development and raw material reserve | Investments fair value reserve | | |
| As at 1 January 2011 | 3,120,928 | (51,831) | 1,516,749 | 3,993,000 | 1,000,000 | 2,152,401 | 2,143,619 | 13,874,866 |
| Total comprehensive income for the period: | - | - | - | - | - | - | 1,018,359 | 1,018,359 |
| Profit for the period | - | - | - | - | - | - | - | - |
| Other comprehensive income: | - | - | - | - | - | - | - | - |
| Fair value reserve (AFS investments): | - | - | - | - | - | (233,876) | - | (233,876) |
| -Change in investments fair value | - | - | - | - | - | (42,976) | - | (42,976) |
| -Company's share in associate's net change in investments fair value | - | - | - | - | - | 52,494 | - | 52,494 |
| -Transferred to income statement on impairment of investments | - | - | - | - | - | (71,845) | - | (71,845) |
| -Transferred to income statement on sale of investments | - | - | - | - | - | (296,203) | - | (296,203) |
| Total other comprehensive income for the period | - | - | - | - | - | (296,203) | 1,018,359 | 722,156 |
| Total comprehensive income for the period | - | - | - | - | - | - | (616,895) | (616,895) |
| Dividend distributed for 2010 | - | - | - | - | - | - | - | - |
| At 30 September 2011 | 3,120,928 | (51,831) | 1,516,749 | 3,993,000 | 1,000,000 | 1,856,198 | 2,545,083 | 13,980,127 |

The condensed interim financial information consists of pages 2 to 11.

CONDENSED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2012

Bahraini dinars

| | 9 months ended 30 September 2012 (reviewed) | 9 months ended 30 September 2011 (reviewed) |
|--|--|--|
| OPERATING ACTIVITIES | | |
| Cash received from customers | 8,567,989 | 7,348,221 |
| Subsidy received from Government of Bahrain | 3,147,753 | 1,269,356 |
| Payments to suppliers | (8,714,908) | (7,419,101) |
| Payments to employees and others | (1,276,980) | (1,295,167) |
| Directors' remuneration paid | (90,000) | (81,000) |
| Cash flows from operating operations | 1,633,854 | (177,691) |
| INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (324,598) | (33,893) |
| Purchase of held-to-maturity investment | - | (500,000) |
| Proceeds from maturity/ sale of AFS investments | 195,532 | 260,960 |
| Dividends received from associate company | 167,706 | 127,776 |
| Interests and dividends received | 255,223 | 253,734 |
| Placement of term deposits | (1,005,554) | - |
| Cash flows from investing activities | (711,691) | 108,577 |
| FINANCING ACTIVITIES | | |
| Dividends paid | (596,970) | (592,141) |
| Cash flows from financing activities | (596,970) | (592,141) |
| Net increase/ (decrease) in cash flows | 325,193 | (661,255) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 3,290,476 | 4,528,944 |
| CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER | 3,615,669 | 3,867,689 |
| Comprising: | | |
| Cash and bank balances | 76,058 | 851,340 |
| Short-term deposits | 3,539,611 | 3,016,349 |
| | 3,615,669 | 3,867,689 |

NOTES**to the 30 September 2012 condensed interim financial information**

Bahraini dinars

- 1 The condensed interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*, which permits the condensed interim financial information to be in summarized form. The condensed interim financial information does not include all of the information required for the full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2011.
- 2 The condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Company for the year ended 31 December 2011. As per the Company's policy, for any changes in government subsidy during the year (which is usually effective from beginning of the year), the condensed interim financial information within the same calendar year are restated to enhance comparability of the results between reporting periods and matching of the subsidy to the period of sales.
- 3 The condensed interim financial information is unaudited but has been reviewed by KPMG and their review report is set out on page 1. The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2011. The corresponding figures for the condensed statements of income, comprehensive income, changes in equity and cash flows have been extracted from the condensed interim financial information for the nine months ended 30 September 2011.
- 4 The interim financial results may not represent a proportionate share of the annual profits, due to the nature of the Company's activities and potential seasonal changes. Moreover, due to the variance in the timing of confirmation and recognition of the government subsidy (which is usually effective from beginning of the year), the current period figures may not necessarily represent a proportionate share of the annual profits.
- 5 The earnings per share was calculated on the basis of net profit for the period of BD 853,280 (2011: BD 1,018,359) divided by the average weighted number of shares (minus treasury shares) for the period ended 30 September 2012 of 30,844,738 shares (2011: 30,844,738 shares).
- 6 Appropriations (if any) are made at the year-end only.
- 7 During the period, the Shareholders approved the following appropriations for 2011 in their Annual General Meeting held on 20 March 2012:

| | 2012 | 2011 |
|--|---------|---------|
| 20% cash dividends of share nominal value | 616,895 | 616,895 |
| Transfer to statutory reserve from retained earnings | 43,715 | 99,179 |

The general assembly also approved directors' remuneration of BD 90,000 for 2011 (2010: BD 81,000).

8 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and executive management of the Company.

Transactions with entities controlled by directors, or over which they exert significant influence are as per the fixed contract price agreed by the Company, government and those entities. Other related party transactions are conducted on a normal commercial basis.

NOTES**to the 30 September 2012 condensed interim financial information**

Bahraini dinars

The significant related party transactions and balances included in these financial statements are as follows:

| | 30 September 2012 | | | 31 December 2011 | 30 September 2011 | |
|----------------------------------|-------------------|------------------|----------------|------------------|-------------------|----------------|
| | Receivables | Sales | Purchases | Receivables | Sales | Purchases |
| Major shareholders | 131,843 | 932,244 | - | 214,352 | 693,127 | - |
| Entities controlled by directors | 35,398 | 324,311 | 454,900 | 42,338 | 271,601 | 468,622 |
| Associate | 4,888 | 16,646 | - | 21,225 | 58,783 | - |
| Total | 172,129 | 1,273,201 | 454,900 | 277,915 | 1,023,511 | 468,622 |

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:-

| | 9 months ended 30 September 2012 | 9 months ended 30 September 2011 |
|-----------------------------|--|--|
| Board remuneration | 67,500 | 60,750 |
| Board attendance fees | 15,000 | 13,500 |
| Salaries and other benefits | 55,185 | 52,550 |

NOTES

to the 30 September 2012 condensed interim financial information

Bahraini dinars

9 Segmental information:

| 2012 (Reviewed) | Chicken | Feeds | Chicks | Investments | Unallocated | Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Sales | 5,993,902 | 3,278,674 | 1,380,429 | - | - | 10,653,005 |
| Cost of sales | (5,529,780) | (4,200,237) | (1,528,172) | - | - | (11,258,189) |
| Gross profit / (loss) | 464,122 | (921,563) | (147,743) | - | - | (605,184) |
| Other operating expenses | (220,100) | (167,181) | (60,825) | - | - | (448,106) |
| Profit/ (loss) from operations before government subsidy | 244,022 | (1,088,744) | (208,568) | - | - | (1,053,290) |
| Government subsidy | 749,243 | 782,135 | - | - | - | 1,531,378 |
| Profit/ (loss) from operations | 993,265 | (306,609) | (208,568) | - | - | 478,088 |
| Investments income and others | 1,043 | 1,186 | - | 259,371 | 3,623 | 265,223 |
| Share of profit in an associate company | - | - | - | 155,947 | - | 155,947 |
| Provision for impairment of AFS investments | - | - | - | (45,978) | - | (45,978) |
| Segment profit/ (loss) for the period | 994,308 | (305,423) | (208,568) | 369,340 | 3,623 | 853,280 |

| | | | | | | |
|----------------------|-----------|-----------|---------|-----------|-----------|------------|
| Total segment assets | 1,858,961 | 1,230,615 | 313,660 | 6,352,570 | 5,005,583 | 14,761,389 |
|----------------------|-----------|-----------|---------|-----------|-----------|------------|

| | | | | | | |
|---------------------------|---------|---------|--------|---|---------|---------|
| Total segment liabilities | 165,295 | 113,537 | 45,489 | - | 333,926 | 658,247 |
|---------------------------|---------|---------|--------|---|---------|---------|

NOTES**to the 30 September 2012 condensed interim financial information**

Bahraini dinars

9 Segmental information (continued):

| 2011 (Reviewed) | Chicken | Feeds | Chicks | Investments | Unallocated | Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Net Sales | 5,181,562 | 2,867,647 | 1,250,396 | - | - | 9,299,605 |
| Cost of sales | (4,925,991) | (3,761,053) | (1,503,653) | - | - | (10,190,697) |
| Gross profit / (loss) | 255,571 | (893,406) | (253,257) | - | - | (891,092) |
| Other operating expenses | (179,670) | (137,180) | (54,844) | - | - | (371,694) |
| Profit/ (loss) from operations before government subsidy | 75,901 | (1,030,586) | (308,101) | - | - | (1,262,786) |
| Government subsidy | 641,062 | 732,807 | - | - | - | 1,373,869 |
| Profit/ (loss) from operations | 716,963 | (297,779) | (308,101) | - | - | 111,083 |
| Investments income and others | 22 | 10,037 | - | 284,792 | 4,546 | 299,397 |
| Share of profit in an associate company | - | - | - | 660,373 | - | 660,373 |
| Provision for impairment of AFS investments | - | - | - | (52,494) | - | (52,494) |
| Segment profit/ (loss) for the period | 716,985 | (287,742) | (308,101) | 892,671 | 4,546 | 1,018,359 |

As at 31 December 2011:

| | | | | | | |
|---------------------------|-----------|-----------|---------|-----------|-----------|------------|
| Total segment assets | 2,037,237 | 2,124,453 | 385,660 | 6,900,305 | 3,330,198 | 14,777,853 |
| Total segment liabilities | 325,586 | 129,596 | 45,815 | - | 318,917 | 819,914 |

Additional Information

For the nine months ended 30 September 2012

Bahraini dinars

Schedule (1): Quantities produced & sold

| | 9 months ended 30 September 2012 | 9 months ended 30 September 2011 |
|----------------------------|--|--|
| Quantities sold | | |
| Chicken | 6,243,694 KG | 5,342,170 KG |
| Feed | 25,043 ton | 22,492 ton |
| Chicks | 7,265,415 chicks | 6,580,887 chicks |
| Quantities produced | | |
| Chicken | 6,414,309 KG | 5,391,311 KG |
| Feed | 25,551 ton | 23,029 ton |
| Chicks | 7,410,720 chicks | 6,713,560 chicks |