Delmon Poultry Company B.S.C.

Financial statements for the year ended 31 December 2014

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Commercial registration	10700 obtained on 21 July 1980
Board of directors	Abdul Rahman Mohamed Jamsheer *(Chairman)* Jaffar Habib Ahmed (Vice Chairman) Yousuf Saleh Al Saleh Abdulredha Mohamed Al Daylami Abdulhussain Khalil Dewani Talal Mohamed Abdulla Al Mannai Ebrahim Abdali Al Daaysi Jaffar Mohamed Ali Al Dhaif Mohamed Jehad Bukamal
Executive Committee	Yousuf Saleh Al Saleh *(Chairman)* Abdul Rahman Mohamed Jamsheer *(Vice Chairman)* Abdulhussain Khalil Dewani Jaffar Habib Ahmed
Audit Committee	Abdulredha Mohamed Al Daylami *(Chairman)* Jaffar Mohamed Ali Al Dhaif Talal Mohamed Abdulla Al Mannai Mohamed Jehad Bukamal
Governance Committee	Ebrahim Abdali Al Daaysi *(Chairman)* Abdulredha Mohamed Al Daylami Jaffar Habib Ahmed
Nomination and Remuneration Committee	Talal Mohamed Abdulla Al Mannai *(Chairman)* Ebrahim Abdali Al Daaysi Mohamed Jehad Bukamal
General Manager	Abdul Karim Ismaeel Al Alawi
Offices and plants	Administration and chicken processing plant Hamala, PO Box 20535 Telephone 17608282 Fax 17601930 Email: kalalawi@dawajen.bh Website: www.dawajen.bh Feedmill - Mina Salman Telephone 17727705 Chicks Hatchery - Al-Buhair Telephone 17624832

Principal bankers	Ahli United Bank Bahrain Islamic Bank Bank of Bahrain and Kuwait National Bank of Bahrain
Auditors	BDO 17th Floor Diplomatic Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain
Internal Auditor	Grant Thornton - Abdulaal 12th Floor, Al Nakeel Tower Seef District PO Box 11175 Kingdom Of Bahrain
Share registrar	Karvy Computershare W.L.L. PO Box 514 Manama Kingdom of Bahrain

Independent auditor's report to the shareholders of Delmon Poultry Company B.S.C.

Report on the financial statements

We have audited the accompanying financial statements of Delmon Poultry Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the Company has carried out stock-taking in accordance with recognised procedures, has maintained proper books of account and the financial statements are in agreement therewith; and
3. the financial information included in the Directors' report is consistent with the books of account of the Company.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, 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 of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2014.

Manama, Kingdom of Bahrain
11 February 2015

Delmon Poultry Company B.S.C.
Statement of financial position as at 31 December 2014
(Expressed in Bahraini Dinars)

	Notes	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,008,273	998,756
Investment in an associate	6	2,581,212	2,347,477
Available-for-sale investments	7	3,813,447	3,532,366
Held-to-maturity investments	8	750,000	750,000
Total non-current assets		8,152,932	7,628,599
Current assets			
Inventories	9	1,751,237	1,444,276
Trade and other receivables	10	2,217,841	1,320,824
Term deposits	11	2,472,497	1,102,820
Cash and cash equivalents	12	2,023,529	4,017,584
Total current assets		8,465,104	7,885,504
TOTAL ASSETS		16,618,036	15,514,103
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	3,120,928	3,120,928
Statutory reserve	14(i)	1,560,464	1,560,464
General reserve	14(ii)	3,993,000	3,993,000
Development and raw material reserve	14(iii)	1,000,000	1,000,000
Investment fair value reserve	14(iv)	2,164,499	1,864,748
Retained earnings		3,582,607	3,391,237
Treasury shares	13	(74,017)	(59,857)
Total shareholders' equity		15,347,481	14,870,520
Non-current liabilities			
Employees' terminal benefits	15	22,583	16,938
Current liabilities			
Trade and other payables	16	1,247,972	626,645
TOTAL EQUITY AND LIABILITIES		16,618,036	15,514,103

These financial statements, set out on pages 7 to 42, were approved and authorized for issue by the Board of Directors on 11 February 2015 and signed on their behalf by:

Abdul Rahman Mohamed Jamsheer
Chairman

Abdulhussain Khalil Dewani
Vice *chairman*

Delmon Poultry Company B.S.C.
Statement of profit or loss for the year ended 31 December 2014
(Expressed in Bahraini Dinars)

	Notes	2014	2013
Sales	17	12,450,773	14,492,684
Cost of sales	18	(13,657,182)	(15,729,655)
Gross loss for the year		(1,206,409)	(1,236,971)
Other operating expenses	19	(677,817)	(676,822)
Operating loss before government subsidy		(1,884,226)	(1,913,793)
Government Subsidy	20	1,927,764	2,194,661
Profit from operations		43,538	280,868
Investment income	21	453,908	310,149
Share of profit in an associate	6	379,452	279,367
Other income		6,442	6,577
Impairment loss on available for-sale-investments	7	(75,744)	(76,562)
Net profit for the year		807,596	800,399
Basic and diluted earnings per share	22	fils26	fils26

Delmon Poultry Company B.S.C.
Statement of other comprehensive income for the year ended 31 December 2014
(Expressed in Bahraini Dinars)

	Notes	2014	2013
Net profit for the year		807,596	800,399
Other comprehensive income:			
Items that may be reclassified into profit or loss:			
Unrealised fair values gains on available-for-sale investments	7	373,897	226,750
Transferred to statement of profit or loss on sale/ maturity of available-for-sale-investments		(112,906)	(69,929)
Company's share in associate's net change in investments' fair value	6	38,760	8,313
Other comprehensive income for the year		299,751	165,134
Total comprehensive income for the year		1,107,347	965,533

Delmon Poultry Company B.S.C.
Statement of changes in shareholders' equity for the year ended 31 December 2014
(Expressed in Bahraini Dinars)

	Notes	Share capital	Statutory reserve	General reserve	Development and raw material reserve	Investment fair value reserve	Retained earnings	Treasury shares	Total
As at 31 December 2012		3,120,928	1,560,464	3,993,000	1,000,000	1,699,614	3,207,064	(59,857)	14,521,213
Dividend distributed for 2012	23	-	-	-	-	-	(616,226)	-	(616,226)
Total comprehensive income for the year		-	-	-	-	165,134	800,399	-	965,533
As at 31 December 2013		3,120,928	1,560,464	3,993,000	1,000,000	1,864,748	3,391,237	(59,857)	14,870,520
Dividend distributed for 2013	23	-	-	-	-	-	(616,226)	-	(616,226)
Purchase of treasury shares		-	-	-	-	-	-	(14,160)	(14,160)
Total comprehensive income for the year		-	-	-	-	299,751	807,596	-	1,107,347
As at 31 December 2014		3,120,928	1,560,464	3,993,000	1,000,000	2,164,499	3,582,607	(74,017)	15,347,481

Delmon Poultry Company B.S.C.
Statement of cash flows for the year ended 31 December 2014
(Expressed in Bahraini Dinars)

	Notes	2014	2013
Operating activities			
Cash received from customers		12,077,723	12,764,341
Subsidy received from Government of Bahrain		2,201,207	3,703,648
Payments to suppliers		(12,938,451)	(13,658,367)
Payments to employees and others		(1,508,317)	(1,672,837)
Directors' remuneration paid		(71,594)	(90,000)
Net cash (used in)/provided by operating activities		(239,432)	1,046,785
Investing activities			
Purchase of property, plant and equipment		(141,581)	(358,319)
Purchase of available-for-sale investments	7	(309,720)	(2,000)
Purchase of held-to-maturity investments		-	(250,000)
Purchase of treasury shares		(14,160)	-
Proceeds from sale of property, plant and equipment		3,250	878
Proceeds from sales/maturity of available-for-sale investments		162,846	292,529
Net movement in term deposits		(1,369,677)	(1,102,820)
Dividends received from the investment in an associate		184,477	184,477
Interests and dividends received		329,083	265,651
Net cash used in investing activities		(1,155,482)	(969,604)
Financing activities			
Dividends paid		(599,141)	(605,577)
Net cash used in financing activities		(599,141)	(605,577)
Net decrease in cash and cash equivalents		(1,994,055)	(528,396)
Cash and cash equivalents, beginning of the year		4,017,584	4,545,980
Cash and cash equivalents, end of the year	12	2,023,529	4,017,584

1 Organisation and activities

Delmon Poultry Company B.S.C. ("the Company") is a public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 10700 obtained on 21 July 1980.

The principal objectives of the Company include establishing or investing in:

- Facilities for processing, packing and storing frozen chicken;
- Feed factories;
- Integrated project for broiler meat;
- Distribution network affording easy accessibility for consumers; and
- Similar or supporting activities in Bahrain or abroad.

The Company is also allowed to invest its surplus funds in all types of investments.

Current operations, all in Bahrain, are as follows:

- Chicken processing plant at Hamala
- Feedmill at Mina Salman
- Chicks hatchery at Al-Buhair

The registered office of the Company is in the Kingdom of Bahrain.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Bahrain Commercial Companies Law, Decree Number 21 of 2001.

Basis of presentation

The financial statements have been prepared using going concern assumption under the historical cost convention, except for available-for-sale investments which are carried at their fair values.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas requiring exercise of judgment in applying Company's accounting policies are disclosed in Note 4 to the financial statements.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Bahraini Dinars (BD), which is the Company's presentation currency.

2 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in 2014 but not relevant

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2014 or subsequent periods, but are not relevant to the Company's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 32	Financial Instruments – Presentation	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRIC 21	Levies	1 January 2014

Improvements/amendments to IFRS 2011/2013 cycle

Improvements/amendments to IFRS issued in 2011/2013 cycle contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's annual audited financial statements beginning on or after 1 January 2014 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations issued but not yet effective in 2014

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2014 or subsequent periods have not been early adopted by the Company's management:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 16	Property, Plant and Equipment	1 July 2014
IAS 19	Employee Benefits	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 38	Intangible Assets	1 July 2014
IAS 40	Investment Property	1 July 2014
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 7	Financial Instruments – Disclosures	1 January 2015
IFRS 8	Operating Segments	1 July 2014
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2015
IFRS 13	Fair Value Measurement	1 July 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2014 (continued)

There would have been no change in the operational results of the Company for the year ended 31 December 2014 had the Company early adopted any of the above standards applicable to the Company, except for the adoption of IFRS 9 which would impact the classification and measurement of certain financials assets.

Early adoption of amendments or standards in 2014

The Company did not early-adopt any new or amended standards in 2014.

3 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements is set out below. These policies have been constantly applied to all the years presented, unless otherwise stated.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset carrying amount is greater than its estimated recoverable amount.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the statement of profit or loss as an expense when incurred.

Depreciation is calculated on cost by the straight-line method at annual rates which are intended to write-off the cost of the assets over their estimated useful working lives as followings:

Building (on leased land)	20 years
Plant and machinery	10 years
Furniture, vehicles, tools, IT and software	2-5 years

All depreciation is charged to the statement of profit or loss. When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed and any resultant gain or loss is taken is recognized in the statement of profit or loss.

Capital work-in-progress will be capitalised and depreciated when they are put to commercial use. Depreciation on capital work-in-progress is not charged until such time as these assets are completed and transferred to the respective category of property, plant and equipment.

3 Significant accounting policies (continued)

Investment in an associate

Associates are those enterprises in which the Company holds, directly or indirectly, more than 20% of the voting power or exercises significant influence, but not control, over the financial and operating policies.

The investments are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of profit or loss. The same policy is followed for any incremental stake acquired while maintaining significant influence.

Financial assets

The Company classifies its financial assets into one of the following categories: available-for-sale investments, held-to-maturity and loans and receivables. This classification depends on the purpose for which the asset is acquired.

(a) Available-for-sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Available-for-sale investments are initially recognised at cost but are subsequently carried at fair value. Any unrealised gains and losses arising from changes in the fair value of available-for-sale investments are taken to a fair value reserve in shareholders' equity. When available-for-sale investments are sold or assessed as impaired, the accumulated fair value adjustments are included in the statement of profit or loss as gains or losses from available-for-sale investments.

All purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. The cost of purchase includes transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

3 Significant accounting policies (continued)

Financial assets (continued)

(a) Available-for-sale investments (continued)

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a Company of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from shareholders' equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of other comprehensive income in subsequent periods.

(b) Held-to-maturity investments

Investments with a fixed maturity date that management has the intention and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets. Such investments are initially recognised at cost and are subsequently carried at amortised cost using the effective yield method. Any realised and unrealised gains or losses arising either from derecognition or impairment are recognised in the statement of profit or loss.

(c) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade and other receivables

Trade and other receivables are carried at their anticipated realisable values. A provision is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Impaired trade receivables are written-off during the year in which they are identified.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash on hand, bank balance and short term deposits maturing within 90 days.

3 Significant accounting policies (continued)

Financial liabilities

Financial liabilities which includes trade and other payable are carried at amortised cost

Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

The Company recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made.

Inventories

Inventories of raw materials and packing materials are stated at the lower of cost and net realisable value. Cost, which is determined on the first-in first-out basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

Finished goods are valued at the lower of cost and net realisable value determined on the weighted average basis. Cost comprises of direct materials, direct labour and an appropriate allocation of direct production overheads.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Treasury shares

Where the Company purchases its own equity share capital, the consideration paid, including any attributable transaction costs, are deducted from total equity and recorded as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any gain or loss is included in equity.

Employees' benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 Significant accounting policies (continued)

Employees' benefits (continued)

Post employment benefits

Employee benefits and entitlements to annual leave, holiday and other short-term benefits are recognised as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Company's contributions are charged to the statement of profit or loss in the year to which they relate. In respect of this plan, the Company has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Company accrues for its liability in this respect on an annual basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received/receivable. Revenue from sale of chickens, feeds and chicks are recognised when goods are delivered to the customers.

Dividend income from investments is recognised when declared. Bank interest is recognised on accrual basis.

Other operating expenses

Overhead expenses are allocated to chicken, feed and chicks on the basis of cost of sales.

Government subsidy

Government subsidy related to sale of chickens and feeds in Bahrain received as a compensation due to price control policy exercised by the Government are recognised in the statement of profit or loss as other operating revenue when the subsidy becomes receivable. Government subsidies toward farmers' production of chickens are recognised upon receipt of live chickens from farmers and calculated based on process weight of the chickens and are treated as a reduction from cost of sales.

Proposed appropriations

Dividends and other proposed appropriations are recognised as liability in the period in which they are approved by the shareholders.

Board members' remuneration

Board members' remuneration is recognised in the statement of profit or loss on accrual basis.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss.

3 Significant accounting policies (continued)

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease

4 Critical accounting judgment and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

- economic useful lives of property, plant and equipment;
- classification of investments;
- fair valuation of available-for-sale investments;
- impairment of available-for-sale investments;
- fair value measurement;
- provisions; and
- contingencies.

Economic useful lives of property, plant and equipment

The Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. Economic useful lives of property, plant and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

Classification of investments

In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through profit or loss, held-to-maturity or available-for-sale investment securities. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

4 Critical accounting judgment and key source of estimation uncertainty (continued)

Fair valuation of available-for-sale investments

The Company determines fair values of available-for-sale investments that are not quoted in active markets by using valuation techniques such as discounted cash flows and recent transaction prices. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the available-for-sale investments. In case where discounted cash flow models have been used to estimate fair values, the future cash flows have been estimated by the management based on information from and discussions with representatives of the management of the investee companies, and based on the latest available audited and un-audited financial statements.

Impairment of available-for-sale investments

The Company determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment and is assessed for each investment separately. In case of quoted equity securities, the Company considers a decline of more than 30% in the fair value below cost to be significant and considers a decline below cost which persists for more than 6 months as prolonged.

Where fair values are not readily available and the available-for-sale investments are carried at cost, the recoverable amount of such investment is subject to a test for impairment. A significant portion of the Company's available-for-sale investments comprise of investments in long-term real estate development projects. In making a judgment of impairment, the Company evaluates among other factors, evidence of a deterioration in the financial health of the project, impacts of delays in execution, industry and sector performance, changes in technology, and operational and financing cash flows.

Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)
Level 2: Observable direct or indirect inputs other than Level 1 inputs
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Company that either require fair value measurements or only fair value disclosures as at 31 December 2014 is shown in Note 26.

4 Critical accounting judgment and key source of estimation uncertainty (continued)

Provisions

The Company creates provision for impaired trade receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2014, in the opinion of the management a provision of BD4,369 (2013: BD4,723) is required for impaired trade receivables. When evaluating the adequacy of the provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in the financial statements.

The Company also creates provision for obsolete and slow-moving inventories. At 31 December 2014, in the opinion of the Company's management, no provision was required for obsolete and slow-moving inventories (2013: BDNil). When evaluating the adequacy of an allowance for obsolete and slow-moving inventories, management bases its estimate on current overall economic conditions, ageing of the inventories, historical write-off experience, and non movements in inventories. Changes in the economy, industry or specific inventory conditions may require adjustments to the allowance for obsolete and slow moving inventories recorded in the financial statements.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5 Property, plant and equipment

	Buildings	Plant and machinery	Furniture, vehicles tools, IT and software	Capital work-in-progress	Total
Cost					
At 31 December 2012	3,549,096	4,385,962	1,670,097	254,587	9,859,742
Adjustments	(32,837)	19,262	(50,923)	-	(64,498)
Additions	5,220	22,229	80,326	299,286	407,061
Transfers	28,020	-	192,617	(220,637)	-
Disposals	-	(13,949)	(101,952)	-	(115,901)
At 31 December 2013	3,549,499	4,413,504	1,790,165	333,236	10,086,404
Additions	8,149	44,328	41,818	73,578	167,873
Transfers	258,627	148,187	-	(406,814)	-
Disposals	-	(19,394)	(14,050)	-	(33,444)
At 31 December 2014	3,816,275	4,586,625	1,817,933	-	10,220,833
Accumulated depreciation					
At 31 December 2012	3,371,929	4,239,969	1,523,725	-	9,135,623
Adjustments	-	65,081	(129,762)	-	(64,681)
Charge for the year	15,479	24,971	92,157	-	132,607
Disposals	-	(13,949)	(101,952)	-	(115,901)
At 31 December 2013	3,387,408	4,316,072	1,384,168	-	9,087,648
Charge for the year	24,333	39,527	98,550	-	162,410
Disposals	-	(19,567)	(17,931)	-	(37,498)
At 31 December 2014	3,411,741	4,336,032	1,464,787	-	9,212,560
Net book value					
At 31 December 2014	404,534	250,593	353,146	-	1,008,273
At 31 December 2013	162,091	97,432	405,997	333,236	998,756

The depreciation charge for the year has been allocated as follows:

	31 December 2014	31 December 2013
Cost of sales (Note 18)	123,809	96,817
Other operating expenses (Note 19)	38,601	35,790
	162,410	132,607

The reclaimed land at Mina Salman on which the feedmill was built, the land at Hamala on which the administration and the slaughter house, and the land at Buhair on which chicks hatchery is built are all leased by Company from the Government. The lease rent amount for 2014 was BD19,128 (2013: BD19,128).

The capital work-in-progress majorly relates to expenditures incurred to building warehouse in the feedmill plant and IT software.

6 Investment in an associate

The following are been included in the financial statements using the equity method:

Name of Associate Company	Country of incorporation	Principal activities	Effective ownership interest 2014	Effective ownership interest 2013
Bahrain Livestock Company B.S.C. (c)	Kingdom of Bahrain	Import, export and sale of livestock	36.26%	36.26%

	Carrying amount	Goodwill	31 December 2014	31 December 2013
Opening balance	2,183,190	61,084	2,347,477	2,244,274
Movement during the year:				
Company's share in profit for the year	379,452	-	379,452	279,367
Company's share of the associate's net change in fair value of the investments and other reserves	38,760	-	38,760	8,313
Dividends received	(184,477)	-	(184,477)	(184,477)
Closing balance	2,416,925	61,084	2,581,212	2,347,477

Summary of financial information of associate	31 December 2014	31 December 2013
Current assets	13,086,966	12,923,538
Non-current assets	1,116,120	1,073,628
Total assets	14,203,086	13,997,166
Current liabilities	7,253,641	7,210,141
Non-current liabilities	-	482,127
Total liabilities	7,253,641	7,692,268
Revenues	63,118,073	56,417,000
Expenses	(62,071,705)	(55,646,624)
Net profit	1,046,368	770,376

The Company owns 36.26% share in Bahrain Livestock Company B.S.C. (closed). The results and statement of financial position accounted for in these financial statements are based on unaudited financial statements for the year ended 31 December 2014 (2013: unaudited 31 December 2013), being the latest available information.

7 Available-for-sale investments

	31 December 2014	31 December 2013
Opening balance	3,532,366	3,742,637
Additions	309,720	2,000
Maturity/sale	(326,792)	(362,459)
Net unrealised fair value gains for the year	373,897	226,750
	3,889,191	3,608,928
Impairment loss on available-for-sale investments	(75,744)	(76,562)
Closing balance	3,813,447	3,532,366

Analysis of investments	31 December 2014	31 December 2013
Quoted equity securities	2,889,813	2,716,626
Unquoted equity securities	144,240	147,061
Managed funds	779,394	668,679
	3,813,447	3,532,366

Impairment loss recognised in statement of profit or loss during the year is as below:

	31 December 2014	31 December 2013
Impairment loss on available-for-sales investments	75,744	76,562

The Company has performed an impairment assessment over the available-for-sale investments and concluded that certain of those investments are impaired. Accordingly, an impairment loss of BD75,744 (2013: BD76,562) has been charged to the statement of profit or loss.

Available-for-sale investments are denominated in the following currencies:

Currency (Equivalents in Bahraini Dinars)	31 December 2014	31 December 2013
Bahraini Dinars	2,223,290	2,082,450
United States Dollars	1,150,171	1,295,811
Great British Pounds	309,720	-
EUROS	55,800	55,800
Kuwait Dinars	74,241	77,061
Qatari Riyals	-	20,834
UAE Dirhams	225	410
	3,813,447	3,532,366

8 Held-to-maturity investments

	31 December 2014	31 December 2013
Islamic leasing sukuk Kingdom of Bahrain	500,000	500,000
Bahrain government development bond	250,000	250,000
	750,000	750,000

Held-to-maturity investments represent Government of Kingdom of Bahrain bonds carrying coupon interest of 5.5% (2013: coupon interest 5.5%) and having maturity period ranging between 5 years to 7.5 years (2013: 7.5 Years)

Held-to-maturity investments are denominated in Bahraini Dinars.

9 Inventories

	31 December 2014	31 December 2013
Finished goods		
- Feed	37,200	59,256
- Frozen/chilled chicken	128,186	79,603
Hatching eggs - hatchery	122,745	121,956
Raw material and packing materials	850,678	684,016
Spare parts for plant and machinery	612,428	499,445
	1,751,237	1,444,276

10 Trade and other receivables

	31 December 2014	31 December 2013
Gross receivables	786,065	655,778
Less: Provision for impairment	(4,369)	(4,723)
	781,696	651,055
Government subsidy receivable	810,686	292,157
Advances to suppliers	126,416	334,628
Others	519,602	63,543
Less: impairment provision on other receivables	(20,559)	(20,559)
	2,217,841	1,320,824

Trade receivables are generally on 30 to 60 days credit terms.

As at 31 December, the ageing of unimpaired trade receivables is as follows:

	Total	Less than 60 days	More than 60 days
At 31 December 2014	781,696	706,720	74,976
At 31 December 2013	651,055	612,955	38,100

10 Trade and other receivables (continued)

Unimpaired trade receivables are expected to be fully recoverable and unsecured. It is not the policy of the Company to obtain collateral against the trade receivables. In the opinion of the Company's management, the fair values of the trade and other receivables are not expected to be significantly different from their carrying values.

The Company's trade receivables are primarily denominated in Bahrain Dinars.

11 Term deposits

Term deposits held with the Company's bankers earn average rate of return of 1.35% (2013: 1.83%), are denominated in Bahraini Dinars and have maturities of more than three months but less than six months.

12 Cash and cash equivalents

	31 December 2014	31 December 2013
Short-term deposits	1,768,327	3,554,512
Current account balances with banks	185,471	419,359
Cash on hand	69,731	43,713
	2,023,529	4,017,584

The current account balances with banks are non-interest bearing.

Short-term deposits held with the Company's bankers earn average rate of return of 1.50% (2013: average rate of return was 1.51%), are denominated in Bahrain Dinars and have original maturities of three months or less.

13 Share capital

	31 December 2014	31 December 2013
Authorised		
100,000,000 ordinary shares of 100 fils each (2013: 100,000,000 ordinary shares of 100 fils each)	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
31,209,277 ordinary shares of 100 fils each (2013: 31,209,277 ordinary shares of 100 fils each)	3,120,928	3,120,928
Treasury shares:		
457,982 treasury shares (2013: 397,982 shares)	74,017	59,857

During 2014, 60,000 ordinary shares were acquired by Company at an average rate of 0.236fils. The consideration paid on these shares has been recorded under treasury shares.

13 Share capital (continued)

Additional information on shareholding pattern

i) The names and nationalities of the major shareholders holding 5% or more of the issued shares as at 31 December 2014 and 31 December 2013 are as follows:

2014	Nationality	Number of shares	Percentage of share-holding interest
Social Insurance Organization	Bahraini	6,002,032	19.23%
General Poultry Company B.S.C. (c)	Bahraini	4,576,383	14.66%
Trafco Group B.S.C.	Bahraini	3,054,366	9.79%
Abdulhameed Zainal Mohammed	Bahraini	2,107,184	6.75%
Fouad Ebrahim Yusuf Al Mutawa	Bahraini	1,969,076	6.31%

ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

iii) The distribution of the Company's equity shares analysed by the number of shareholders and their percentage of shareholding as at 31 December is set out below:

2014	Number of shareholders	Number of shares	Percentage of total outstanding shares *
Less than 1%	1,519	9,197,812	29.48%
Between 1% and 5%	8	4,092,424	13.11%
Between 5% and 10%	3	7,235,626	23.18%
Between 10% and 20%	2	10,683,415	34.23%
	1,532	31,209,277	100.00%

2013	Number of shareholders	Number of shares	Percentage of total outstanding shares *
Less than 1%	1,527	9,614,417	30.80%
Between 1% and 5%	8	3,977,772	12.75%
Between 5% and 10%	3	7,038,673	22.55%
Between 10% and 20%	2	10,578,415	33.90%
	1,540	31,209,277	100.00%

* Expressed as a percentage of total shares of the Company.

13 Share capital (continued)

iv) Details of the Directors' interests in the Company's shares as at 31 December 2014 and 31 December 2013 are as follows:

	2014 Number of shares	**2013 Number of shares**
Abdul Rahman Mohamed Jamsheer *(Chairman)*	157,878	157,878
Jaffar Habib Ahmed *(Vice Chairman)*	630	630
Yousuf Saleh Al Saleh	319,200	319,200
Abdulredha Mohamed Al Daylami	21,000	21,000
Abdulhussain Khalil Dewani	420,420	420,420
Talal Mohamed Abdulla Al Mannai	262,500	262,500
Ebrahim Abdali Al Daaysi	105,000	105,000
Jaffar Mohamed Ali Al Dhaif	111,300	111,300
	1,397,928	1,397,928

14 Reserves

Reserves

(i) Statutory reserve
In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. As this requirement has been met, no amount has been transferred to the statutory reserve for the year ended 31 December 2014 (2013: BDNil).

(ii) General Reserve
This is a distributable general reserve intended to fund future capital expenditure.

(iii) Development and raw material reserve
This reserve has been recommended to confront the sudden world-wide increase in raw material prices and for future expansion and development. There are no restrictions on the distributions of this reserve.

(iv) Investment fair value reserve
The fair value reserve includes the gains and losses arising from changes in fair value of available-for-sale investments and is recognised in the statement of other comprehensive income. During the year, the unrealised fair value gains amounting to BD373,897 (2013: fair value gains of BD226,750) has been transferred to the investment fair value reserve.

15 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2014 amounted to BD150,243 (2013: BD140,490).

Expatriate employees

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	31 December 2014	31 December 2013
Opening balance	16,938	38,906
Provision for the year	5,645	7,158
Payments during the year	-	(29,126)
Closing balance	22,583	16,938
The number of staff employed by the Company	180	189

16 Trade and other payables

	31 December 2014	31 December 2013
Trade payables	720,512	109,236
Unclaimed dividends	217,325	200,229
Provision for board remuneration	72,390	71,594
Provision for staff related cost	182,237	193,947
Miscellaneous payables	55,508	51,639
	1,247,972	626,645

Trade payables are generally settled within 30 to 90 days of the suppliers' invoice date.

The amounts stated above equal their fair value as the impact of discounting is not considered significant by management.

The table below analyses the Company's trade payables into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Less than Six months	More than Six months
At 31 December 2014	720,512	-
At 31 December 2013	109,236	-

17 Segmental information

The Company is organised into four main business segments: Chicken, Feed, Chicks and investments and operates in Bahrain only.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss as included in the internal management reports that are reviewed by the Company's General Manager and the Board of Directors. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets include all operating assets used by a segment and consist primarily of trade and other receivable, net of impairment provision, inventories and property, plant and equipment. The majority of assets can be directly attributed to individual segments, and any common assets between the segments have been disclosed as unallocated.

Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses. All common liabilities between the segments have been disclosed as unallocated.

2014	Chicken	Feeds	Chicks	Investments	Unallocated	Total
Sales	7,473,870	3,198,566	1,778,337	-	-	12,450,773
Cost of sales	(7,059,547)	(4,523,094)	(2,074,541)	-	-	(13,657,182)
Gross profit/(loss)	414,323	(1,324,528)	(296,204)	-	-	(1,206,409)
Other operating expenses	(350,372)	(224,485)	(102,960)	-	-	(677,817)
Profit/ (loss) from operations before government subsidy	63,951	(1,549,013)	(399,164)	-	-	(1,884,226)
Government subsidy	933,641	994,123	-	-	-	1,927,764
Profit/(loss) from operations	997,592	(554,890)	(399,164)	-	-	43,538
Investments income	-	-	-	833,360	-	833,360
Other income	-	-		-	6,442	6,442
Impairment of available-for-sale investments	-	-	-	(75,744)	-	(75,744)
Segment profit/ (loss) for the year	997,592	(554,890)	(399,164)	757,616	6,442	807,596
Total segment assets	1,988,515	2,043,488	497,625	11,640,685	447,723	16,618,036
Total segment liabilities	313,614	245,367	16,987	-	694,587	1,270,555

17 Segmental information (continued)

2013	**Chicken**	**Feeds**	**Chicks**	**Investments**	**Unallocated**	**Total**
Sales	8,642,940	4,044,196	1,805,548	-	-	14,492,684
Cost of sales	(7,896,274)	(5,796,058)	(2,037,323)	-	-	(15,729,655)
Gross profit/(loss)	746,666	(1,751,862)	(231,775)	-	-	(1,236,971)
Other operating expenses	(339,685)	(249,454)	(87,683)	-	-	(676,822)
Profit/ (loss) from operations before government subsidy	406,981	(2,001,316)	(319,458)			(1,913,793)
Government subsidy	1,083,987	1,110,674	-	-	-	2,194,661
Profit/(loss) from operations	1,490,968	(890,642)	(319,458)	-	-	280,868
Investments income	-	-	-	589,516	-	589,516
Other income/(loss)	1,566	407	(467)	-	5,071	6,577
Impairment of available-for-sale investments	-	-	-	(76,562)	-	(76,562)
Segment profit/ (loss) for the year	1,492,534	(890,235)	(319,925)	512,954	5,071	800,399
Total segment assets	1,456,134	1,494,109	468,301	7,732,664	4,362,895	15,514,103
Total segment liabilities	169,677	63,635	15,283	-	394,988	643,583

18 Cost of sales

	Chicken	Feed	Chicks	2014	2013
Raw materials costs	6,418,486	4,141,424	1,836,843	12,396,753	14,698,833
Staff costs	958,935	218,259	169,849	1,347,043	1,291,130
Depreciation (Note 5)	83,793	28,919	11,097	123,809	96,817
Other	390,305	134,492	56,752	581,549	566,077
Less: Farmers' subsidy	(791,972)	-	-	(791,972)	(923,202)
	7,059,547	4,523,094	2,074,541	13,657,182	15,729,655

19 Other operating expenses

	31 December 2014	31 December 2013
Staff costs	368,370	362,943
Depreciation (Note 5)	38,601	35,790
Board of directors and executive committee remuneration	134,689	122,144
Professional fees	14,700	14,700
Others	121,457	141,245
	677,817	676,822

20 Government subsidy

The Government of Bahrain provides subsidy to the Company of 120 fils (2013: 120 fils) for every KG of chicken sold locally in order to stabilise the sale price. Further, Government subsidy on local sales of feeds to farmers of broiler chickens is BD42 per ton (2013: BD42) in order to stabilise the selling prices of feeds to the farmers of broiler chickens in the Bahrain market.

The following table shows the details of Government subsidy:

	31 December 2014	31 December 2013
Subsidy on chickens sold	933,641	1,083,987
Subsidy on feeds sold	994,123	1,110,674
	1,927,764	2,194,661

Quantities of chickens sold during the period were 7,780,340 KG (2013: 9,033,221KG KG) and quantities of subsidised feeds sold to the farmers were 23,670 tons (2013: 26,445 tons).

21 Investment income

	31 December 2014	31 December 2013
Profit on sale of available-for-sale investments	193,041	70,520
Interest income	100,077	102,065
Dividend income	160,790	137,564
	453,908	310,149

22 Earnings per share

	31 December 2014	31 December 2013
Net profit for the year	807,596	800,399
Weighted average number of shares outstanding	30,751,295	30,751,295
Earnings per share (fils)	fils26	fils26

The earnings per share has been computed on the basis of net profit for the year ended 31 December 2014 divided by the weighted average number of shares outstanding for the period total of 31,209,277, net of 457,982 treasury shares. The Company does not have any potentially dilutive ordinary shares; hence the diluted earnings per share and basic earnings per share are identical.

23 Directors' remuneration and Dividends

Directors' remuneration

Accrued and expensed

An amount of BDxxxx has been accrued and expensed as directors' remuneration in 2014, relating to the year ended 31 December 2014 (2013:BD71,594). Directors' remuneration is expensed in the statement of profit or loss to the year which it pertains.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed to pay directors' remuneration of BDxxxx for the year ended 31 December 2014 (2013: BD71,594). This is subject to the approval of shareholders in the Annual General Meeting.

Dividends

Declared and paid

A dividend of BD616,226 representing 20% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2013 (at 20 fils per share) (2013: BD616,226 for the year ended 31 December 2012 at 20 fils per share) was approved by the shareholders in the Annual General Meeting of the shareholders held on 24 March 2014, declared and subsequently paid.

Proposed by the Board of Directors

The Board of Directors of the Company have proposed to pay a cash dividend of BDxxxxx at xxfils per share (2013: BD616,226 at 20 fils per share) representing xx% (2013: 20%) of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2014. The proposed dividend only becomes payable once it has been approved by the shareholders' in the Annual General Meeting and, accordingly, the proposed dividend has not been accounted for in these financial statements.

24 Transactions and balances with 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 and arm's length basis.

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

	31 December 2014			31 December 2013		
	Receivables	Sales	Purchases	Receivables	Sales	Purchases
Major shareholders	41,326	97,156	-	44,300	564,014	-
Entities controlled by directors	28,138	367,844	477,798	8,668	446,116	687,391
Associate Company	-	15,250	-	98	9,154	-
	69,464	480,250	477,798	53,066	1,019,284	687,391

Key management personnel of the Company comprise 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:

	31 December 2014	31 December 2013
Board of directors remuneration	xxxxxx	71,594
Board of directors attendance fees	32,300	24,550
Salaries and other benefits	70,627	75,686

25 Contingent liabilities

	31 December 2014	31 December 2013
Outstanding letters of credit and guarantees in the ordinary course of business	381,880	32,231

26 Financial assets and liabilities and risk management

Financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, term deposits, trade and other receivable, held-to-maturity investments and available-for-sale investments. Financial liabilities of the Company include trade payables and certain other current liabilities.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Available for sale investments
- Held-to-maturity investments
- Cash and cash equivalents
- Term deposits
- Trade and other receivables
- Trade and other payables

A summary of the financial instruments held by category is provided below as at 31 December 2014 and 31 December 2013:

2014	Loans and receivables	Available-for-sale	Held-to-maturity	Other amortised cost	Total Carrying amount	Fair value
Financial assets:						
Cash and cash equivalents	2,023,529	-	-	-	2,023,529	2,023,529
Term deposit	2,472,497	-	-	-	2,472,497	2,472,497
Trade and other receivables	2,217,841	-	-	-	2,217,841	2,217,841
Available-for-sale investments	-	3,813,447	-	-	3,813,447	3,813,447
Held-to-maturity investments	-	-	750,000	-	750,000	750,000
	6,713,867	3,813,447	750,000	-	11,277,314	11,277,314
Financial liabilities:						
Trade and other payables	-	-	-	1,247,972	1,247,972	1,247,972
	-	-	-	1,247,972	1,247,972	1,247,972

26 Financial assets and liabilities and risk management (continued)

2013	Loans and receivables	Available-for-sale	Held-to-maturity	Other amortised cost	Total Carrying amount	Fair value
Financial assets:						
Cash and cash equivalents	4,017,584	-	-	-	4,017,584	4,017,584
Term deposit	1,102,820	-	-	-	1,102,820	1,102,820
Trade and other receivables	1,320,824	-	-	-	1,320,824	1,320,824
Available-for-sale investments	-	3,532,366	-	-	3,532,366	3,532,366
Held-to-maturity investments	-	-	750,000	-	750,000	750,000
	6,441,228	3,532,366	750,000	-	10,723,594	10,723,594
Financial liabilities:						
Trade and other payables	-	-	-	626,645	626,645	626,645
	-	-	-	626,645	626,645	626,645

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established certain executive management committees, which assist the Board of Directors in effectively discharging their responsibilities for developing and monitoring the Company's risk management policies.

The Company audit committee oversees how management monitors compliance with the Company's risk management procedures and review the adequacy of the risk management practices in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

26 Financial assets and liabilities and risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents, accounts receivable and debt instruments.

Company's credit risk on cash and cash equivalents is limited as these are placed with banks in Bahrain having good credit ratings.

About 56.37% of the sales are received in cash and the balance being made through credit. The Company manages its credit risk on accounts receivables by restricting its credit sales only to approved list endorsed by the General Manager and ensuring that the sales to related parties are as per the internal policies established for transactions with the related parties. Since all of sales of the Company are within Bahrain there is no significant geographical or customer type concentration of credit risk involved in accounts receivable balances. The Company perceives that the account receivable balances are of good credit quality as these are primarily receivable from: a) vendors where the Company has net payable balances, b) customers with good credit standing, and c) related parties with good financial position.

The Company establishes provision for impairment of accounts receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

The Company manages credit risk on its investments by ensuring that investments are made only after careful credit evaluation and due diligence of the issuer of the security. The Company limits its exposure to credit risk by mainly investing in debt instruments structured notes managed or promoted by established bank or financial institutions. The Company has an executive committee comprising of four board members, which is responsible for all investment related decisions. Before investing in any new securities the proposal is first placed with the Executive Committee for its approval. Executive Committee approves the proposal after considering all merits and demerits of the proposal.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2014	31 December 2013
Cash and Cash equivalents	2,023,529	4,017,584
Term deposits	2,472,497	1,102,820
Trades receivables	781,696	651,055
Held-to-maturity investments	750,000	750,000
	6,027,722	6,521,459

26 Financial assets and liabilities and risk management (continued)

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that a significant amount of the funds are invested in cash and cash equivalents, which are readily available to meet liquidity requirements.

As at 31 December 2014 and 2013, all financial liabilities (trade payables) and other liabilities have a maturity of six months or less.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. All such transactions are carried out within the guidelines set by the Board of Directors.

Geographical concentration of investments

	31 December 2014	31 December 2013
Kingdom of Bahrain	3,813,447	3,532,366

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity
Available for-sale-investment	+/-5%	190,672
Available for-sale-investment	+/-10%	381,345

Other market price risk

The primary goal of the Company's investment strategy is to ensure risk free returns and invest excess surplus fund available with the Company in risk free securities. Market price risk arises from available-for-sale investments held by the Company. The Company's executive committee monitors its investment portfolio considering prevalent market factors. Significant investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Executive Committee.

26 Financial assets and liabilities and risk management (continued)

Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates.

The Company's interest rate risk is limited to its interest bearing term deposits and investment in debt instruments. The Company's short term deposits and term deposits are at fixed interest rates and mature within 180 days. The Company's investment in debt instruments is at variable interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	31 December 2014	31 December 2013
Short term deposits	1,768,327	3,554,512
Term deposits	2,472,497	1,102,820
Investment in held-to-maturity debt instrument	750,000	750,000
	4,990,824	5,407,332

Change in market interest rate will not have a significant impact on the carrying value of the bank deposits due to short term characteristics of these deposits and investments.

Foreign exchange risk

Foreign exchange risk is the risk that the Company's earnings will be affected as a result of fluctuations in currency exchange rates.

The Company has exposure to foreign exchange risk on its purchases invoiced in foreign currency, on cash sales in foreign currency and on its certain investment in foreign currency. Predominantly, the purchase of product is from local suppliers. The majority of the foreign currency purchases are in US dollars. The US dollar is pegged against the Bahraini dinar and therefore the company is not exposed to any significant risk.

The Company does not perceive that fluctuations in foreign exchange rates will have any significant impact on the income or equity because the exposure to currencies other than US dollar, which is pegged to Bahraini dinar, is not significant.

Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2014 and 2013.

26 Financial assets and liabilities and risk management (continued)

Capital management (continued)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within trade and other payables less cash and equivalents. Capital includes share capital and reserves attributable to the shareholder of the Company.

	31 December 2014	31 December 2013
Trade and other payables	1,247,972	626,645
Less: cash and cash equivalents	(2,023,529)	(4,017,584)
Net surplus	(775,557)	(3,390,939)
Total capital	15,347,481	14,870,520
Total capital and net surplus	14,571,924	11,479,581

As the Company's cash equivalents exceed the net debt, no gearing ratio has been calculated.

Fair value measurement

Fair value is the amount 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.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, term deposits and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2014 and 2013.

26 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

The following table sets out the fair value hierarchy of financial instruments measured at fair value on recurring basis along with valuation techniques and significant unobservable imputes used in determining the fair value measurement of financial instruments as well as the inter-relationship between observable inputs and fair value:

	Fair Value	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
As at 31 December 2014					
Quoted investments	2,889,813	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted investments and managed funds	923,634	L3	Net assets valuation and financial updates received from the respective companies and the fund managers	Expected exit rates, expected future cash flows, net assets and expected profits based taking into account management knowledge and experience of market conditions similar to industry trends.	The higher the future cash flows or profits the higher the fair value of net assets and eventually higher exit rates.
As at 31 December 2013					
Quoted investments	2,716,626	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted investments and managed funds	815,740	L3	Net assets valuation and financial updates received from the respective companies and the fund managers	Expected exit rates, expected future cash flows, net assets and expected profits based taking into account management knowledge and experience of market conditions similar to industry trends.	The higher the future cash flows or profits the higher the fair value of net assets and eventually higher exit rates.

There are no transfers between levels during the year (2013: None).

26 Financial assets and liabilities and risk management (continued)

Fair value (continued)

In the opinion of Company's management, a reasonable possible change in one significant observable input, holding other input constant of level 3 financial instruments is not expected to have a significant impact on the profit or loss and other comprehensive income as well as fair values of level 3 financial instruments as at 31 December 2014.

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Unquoted investments and managed funds
At 31 December 2012	1,249,645
Purchases during the year	2,000
Unrealised fair value loss included in other comprehensive income	(73,446)
Disposals during the year	(362,459)
At 31 December 2013	815,740
Purchases during the year	309,720
Impairment loss during the year	(74,545)
Unrealised fair value gain included in other comprehensive income	3,549
Disposals during the year	(130,830)
At 31 December 2014	923,634

27 Comparative figures

Certain prior year amounts have been regrouped to conform to the presentation in the current year. Such regrouping do not affect previously reported net profit, comprehensive income or total equity.

28 Subsequent events

There were no events subsequent to 31 December 2014 and occurring before the date of the approval of the financial statements report that are expected to have a significant impact on these financial statements.