

Delmen Poultry Company B.S.C.

**Condensed interim financial information
for the three months ended 31 March 2016
(Reviewed)**

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(Reviewed)

Index	Page
1. Administration and contact details	2-3
2. Review report by the independent auditors	4
3. Condensed interim statement of financial position	5
4. Condensed interim statement of profit or loss	6
5. Condensed interim statement of other comprehensive income	7
6. Condensed interim statement of changes in shareholders' equity	8
7. Condensed interim statement of cash flows	9
8. Selected explanatory notes to the condensed interim financial information	10-15
Additional Information (Not reviewed)	
9. Quantities produced and sold	16

Commercial registration	10700 obtained on 21 July 1980
Board of directors	<p>Abdul Rahman Mohamed Jamsheer (<i>Chairman</i>) Abdulhussain Khalil Dewani (<i>Vice Chairman</i>) Yousuf Saleh Al Saleh Abdulredha Mohamed Al Daylami Talal Mohamed Abdulla Al Mannai Ebrahim Abdali Al Daaysi Jaffar Mohamed Ali Al Dhaif Mohamed Jehad Bukamal Isa Mohamed Abdulrahim Alrafaei Fouad Ebrahim Yousif Almutawa (Appointed from 23 March 2016)</p>
Executive Committee	<p>Yousuf Saleh Al Saleh (<i>Chairman</i>) Abdul Rahman Mohamed Jamsheer (<i>Vice Chairman</i>) Mohamed Jehad Bukamal Isa Mohamed Abdulrahim Alrafaei</p>
Audit Committee	<p>Talal Mohamed Abdulla Al Mannai (<i>Chairman</i>) Abdulhussain Khalil Dewani Jaffar Mohamed Ali Al Dhaif Fouad Ebrahim Yousif Almutawa</p>
Governance Committee	<p>Fouad Ebrahim Yousif Almutawa (<i>Chairman</i>) Abdulredha Mohamed Al Daylami Jaffar Mohamed Ali Al Dhaif</p>
Nomination and Remuneration Committee	<p>Abdulredha Mohamed Al Daylami (<i>Chairman</i>) Abdulhussain Khalil Dewani Ebrahim Abdali Al Daaysi</p>
Strategic planning and development Committee	<p>Isa Mohamed Abdulrahim Alrafaei (<i>Chairman</i>) Mohamed Jehad Bukamal Ebrahim Abdali Al Daaysi Talal Mohamed Abdulla Al Mannai</p>
Acting General Manager	Abdulahdi Mirza Jaffar

Offices and plants

Administration and chicken processing plant
Hamala, PO Box 20535
Telephone 17608282
Fax 17601930
Email: depco@batelco.com.bh
Website: www.dawajen.bh

Feedmill - Mina Salman
Telephone 17727705

Chicks Hatchery - Al-Buhair
Telephone 17624832

Principal bankers

Ahli United Bank
National Bank of Bahrain
Bahrain Islamic Bank
Bank of Bahrain and Kuwait
Kuwait Finance House

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

Karvycomputer Share W.L.L.
PO Box 514
Manama
Kingdom of Bahrain

Review report on the condensed interim financial information to the Board of Directors of Delmon Poultry Company B.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Delmon Poultry Company B.S.C. ("the Company") as at 31 March 2016, the condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of changes in shareholders' equity, the condensed interim statement of cash flows for the three months then ended and selected explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 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 International Standard on Review Engagements 2410 - *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of condensed 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 does not present fairly, in all material respects, the financial position of the Company as at 31 March 2016, and its financial performance and its cash flows for the three months then ended in accordance with International Accounting Standard 34 - *"Interim Financial Reporting"*.




Manama, Kingdom of Bahrain
10 May 2016

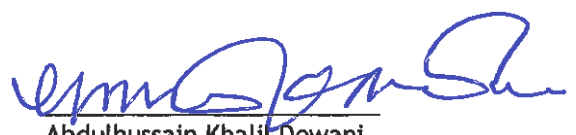
Delmon Poultry Company B.S.C.
Condensed interim statement of financial position as at 31 March 2016
(Expressed in Bahrain Dinars)

	31 March 2016 (Reviewed)	31 December 2015 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,877,012	1,533,016
Investment in an associate	2,284,942	2,361,457
Available-for-sale investments	3,536,881	3,719,907
Held-to-maturity investments	<u>1,500,000</u>	<u>1,500,000</u>
Total non-current assets	<u>9,198,835</u>	<u>9,114,380</u>
Current assets		
Held-to-maturity investments	-	746,663
Inventories	2,157,848	2,250,725
Trade and other receivables	1,101,001	1,514,080
Term deposits	624,142	1,624,142
Cash and cash equivalents	<u>2,016,749</u>	<u>615,379</u>
Total current assets	<u>5,899,740</u>	<u>6,750,989</u>
TOTAL ASSETS	<u>15,098,575</u>	<u>15,865,369</u>
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	3,120,928	3,120,928
Statutory reserve	1,560,464	1,560,464
General reserve	3,993,000	3,993,000
Development and raw material reserve	1,000,000	1,000,000
Investment fair value reserve	1,786,084	1,977,200
Retained earnings	2,684,435	3,489,130
Treasury shares	<u>(116,266)</u>	<u>(116,266)</u>
Total shareholders' equity	<u>14,028,645</u>	<u>15,024,456</u>
Non-current liabilities		
Employees' terminal benefits	<u>13,222</u>	<u>29,149</u>
Current liabilities		
Trade and other payables	<u>1,056,708</u>	<u>811,764</u>
Total liabilities	<u>1,069,930</u>	<u>840,913</u>
TOTAL EQUITY AND LIABILITIES	<u>15,098,575</u>	<u>15,865,369</u>

The reviewed condensed interim financial information set out on pages 5 to 15, was approved and authorised for issue by the Board of Directors on 10 May 2016 and signed on their behalf by:



Abdul Rahman Mohamed Jamsheer
Chairman



Abdulhussain Khalil Dewani
Vice chairman

Delmon Poultry Company B.S.C.
Condensed interim statement of profit or loss for the three months ended 31 March 2016
(Reviewed)
(Expressed in Bahrain Dinars)

	Three months ended 31 March 2016 (Reviewed)	Three months ended 31 March 2015 (Reviewed)
Sales	2,000,446	3,760,128
Cost of sales	<u>(2,294,571)</u>	<u>(3,903,703)</u>
Gross loss for the period	(294,125)	(143,575)
Other operating expenses	<u>(146,759)</u>	<u>(185,287)</u>
Operating loss before government subsidy	(440,884)	(328,862)
Government subsidy	<u>-</u>	<u>552,461</u>
(Loss)/profit from operations	(440,884)	223,599
Investment income	160,565	176,950
Share of (loss)/profit in an associate company	(48,841)	106,075
Other income	146	956
Impairment of available for-sale-investments	<u>(16,392)</u>	<u>(17,672)</u>
Net (loss)/profit for the period	<u>(345,406)</u>	<u>489,908</u>
Basic (loss)/earnings per share (fils)	<u>(11.28)</u>	<u>15.93</u>

The reviewed condensed interim financial information set out on pages 5 to 15, was approved and authorised for issue by the Board of Directors on 10 May 2016 and signed on their behalf by:



Abdul Rahman Mohamed Jamsheer
Chairman



Abdulhussain Khalil Dewani
Vice chairman

Delmon Poultry Company B.S.C.
 Condensed interim statement of other comprehensive income
 for the three months ended 31 March 2016
 (Reviewed)
 (Expressed in Bahrain Dinars)

	Three months ended 31 March 2016 (Reviewed)	Three months ended 31 March 2015 (Reviewed)
Net (loss)/profit for the period	(345,406)	489,908
Other comprehensive income		
<i>Items that may be reclassified into profit or loss:</i>		
Unrealised fair value (losses)/gains on available-for-sale investments	(163,442)	144,849
Company's share in associate's net change in investments' fair value	<u>(27,674)</u>	<u>9,119</u>
Other comprehensive (loss)/income for the period	<u>(191,116)</u>	<u>153,968</u>
Total comprehensive (loss)/income for the period	<u><u>(536,522)</u></u>	<u><u>643,876</u></u>

Delmon Poultry Company B.S.C.
Condensed interim statement of changes in shareholders' equity for the three months ended 31 March 2016
(Reviewed)
(Expressed in Bahrain Dinars)

	Share capital	Statutory reserve	General reserve	Development and raw material reserve	Investment fair value reserve	Retained earnings	Treasury shares	Total
2015 (Reviewed)								
At 1 January 2015	3,120,928	1,560,464	3,993,000	1,000,000	2,164,499	3,582,607	(74,017)	15,347,481
Total comprehensive income for the period	-	-	-	-	153,968	489,908	-	643,876
Dividends for 2014 (Note 4)	-	-	-	-	-	(615,026)	-	(615,026)
At 31 March 2015	<u>3,120,928</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>2,318,467</u>	<u>3,457,489</u>	<u>(74,017)</u>	<u>15,376,331</u>
2016 (Reviewed)								
At 1 January 2016	3,120,928	1,560,464	3,993,000	1,000,000	1,977,200	3,489,130	(116,266)	15,024,456
Total comprehensive loss for the period	-	-	-	-	(191,116)	(345,406)	-	(536,522)
Dividends for 2015 (Note 4)	-	-	-	-	-	(459,289)	-	(459,289)
At 31 March 2016	<u>3,120,928</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>1,786,084</u>	<u>2,684,435</u>	<u>(116,266)</u>	<u>14,028,645</u>

Delmon Poultry Company B.S.C.
Condensed interim statement of cash flows for the three months ended 31 March 2016
(Reviewed)
(Expressed in Bahrain Dinars)

	Three months period ended <u>31 March 2016</u> (Reviewed)	Three months period ended <u>31 March 2015</u> (Reviewed)
Operating activities		
Net (loss)/profit for the year	(345,406)	489,908
Adjustments for:		
Depreciation	53,220	45,885
Impairment of available-for-sale investments	16,392	17,672
Loss/(profit) on sale of available-for-sale investments	13	(1,056)
Share of loss/(profit) of associate	48,841	(106,075)
Interest and dividends	(160,578)	(97,810)
Changes in operating assets and liabilities:		
Inventories	92,877	419,207
Trade and other receivables	413,079	518,676
Trade and other payables	(209,794)	(780,580)
Employees' terminal benefits, net	<u>(15,927)</u>	<u>2,750</u>
Net cash (used in)/provided by operating activities	<u>(107,283)</u>	<u>508,577</u>
Investing activities		
Purchase of property, plant and equipment	(397,216)	(50,908)
Matured/(purchase) of held-to-maturity investments	746,663	(750,000)
Proceeds from sale/maturity of available for- sale-investments	3,179	164,975
Net movement in term deposits	1,000,000	1,258,497
Interest and dividends received	<u>160,578</u>	<u>97,810</u>
Net cash provided by investing activities	<u>1,513,204</u>	<u>720,374</u>
Financing activities		
Dividends paid	<u>(4,551)</u>	<u>(235,967)</u>
Net cash used in financing activities	<u>(4,551)</u>	<u>(235,967)</u>
Net increase in cash and cash equivalents	1,401,370	992,984
Cash and cash equivalents, beginning of the period	<u>615,379</u>	<u>2,023,529</u>
Cash and cash equivalents, end of the period	<u><u>2,016,749</u></u>	<u><u>3,016,513</u></u>

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 objects 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 the kingdom of 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

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting". The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements prepared as at, and for the year ended, 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in annual audited financial statements of the Company for the year ended 31 December 2015, as described in those annual audited financial statements.

The preparation of financial statements in conformity with IFRS 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 condensed interim financial information have been prepared under the historical cost convention, modified by the valuation of available-for-sale investments which are measured at their fair values.

The condensed interim financial information has been presented in Bahraini Dinar (BD) which is also the functional currency of the Company.

2 Basis of preparation (continued)

Improvements/amendments to IFRS/IAS 2012/2014 cycle

Improvements/amendments to IFRS/IAS issued in 2012/2014 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 2016 and subsequent periods with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations issued and effective in 2016 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 2016 or subsequent periods, but are not relevant to the Company's operations:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of Financial Statements	1 January 2016
IAS 16	Property, plant and equipment	1 January 2016
IAS 19	Employee Benefits	1 January 2016
IAS 27	Separate Financial Statements	1 January 2016
IAS 34	Interim Financial Reporting	1 January 2016
IAS 38	Intangible assets	1 January 2016
IAS 41	Agriculture	1 January 2016
IFRS 7	Financial Instruments - Disclosures	1 January 2016
IFRS 10	Consolidated Financial Statements	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IFRS 12	Disclosure of Interests in Other Entities	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2016

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 31 March 2016. They have not been adopted in preparing the financial statements for the period ended 31 March 2016 and are expected to affect the entity in the period of initial application. In all cases, the entity intends to apply these standards from application date as indicated in the table below.

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

There would have been no change in the operational results of the Company for the period ended 31 March 2016 had the Company early adopted any of the above standards applicable to the Company, except for adoption of IFRS 9 - "Financial Instruments" which would impact the classification and measurement of certain financial assets and IFRS 15 and IFRS 16 impact of which is being assessed by the Company.

Early adoption of amendments or standards in 2016

The Company did not early-adopt any new or amended standards in 2016.

3 Earnings per share

	Three months ended 31 March 2016	Three months ended 31 March 2015
Net (loss)/profit for the period	<u>BD(345,406)</u>	<u>BD489,908</u>
Weighted average number of shares outstanding	<u>30,619,269</u>	<u>30,751,295</u>
(Loss)/earnings per share (fils)	<u>(11.28)</u>	<u>15.93</u>

The earnings per share has been computed on the basis of net profit or loss for the three months ended 31 March divided by the weighted average number of shares outstanding for the period total of 31,209,277, net of 590,008 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.

4 Appropriations

The Annual General Meeting of shareholders held on 24 March 2016 has approved 15% (2014:20%) cash dividends of share nominal value amounting to BD459,289 (2014: 615,026). The Annual General Meeting of shareholders also approved directors' remuneration of BD40,610 for the year 2015 (2014: BD72,380).

5 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 basis.

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

			31 March 2016		31 December 2015	31 March 2015	
	Receivables	Payables	Sales	Purchases	Receivables	Sales	Purchases
Major shareholders	148,054	-	148,054	-	162,101	173,058	-
Entities controlled by directors	1,123	1,186	1,721	12,626	2,296	92,809	232,145
Associate company	-	-	111	-	-	-	-
Total	149,177	1,186	149,886	12,626	164,397	265,867	232,145

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:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Board of directors remuneration	10,152	18,096
Board of directors attendance fees	7,600	5,200
Salaries and other benefits	17,100	16,993

6 Property, plant and equipment

Additions to property, plant and equipment during the three month period ended 31 March 2016 amounted to BD397,216 (31 March 2015: BD50,908). There were no disposals of property, plant and equipment during the three month period ended 31 March 2016 (31 March 2015: BDNil).

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
for the three months ended 31 March 2016
(Reviewed)
(Expressed in Bahrain Dinars)

7 Segmental information:

As at and for the three months ended 31 March 2016 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	1,339,256	538,272	122,918	-	-	2,000,446
Cost of sales	<u>(1,627,038)</u>	<u>(482,638)</u>	<u>(184,895)</u>	-	-	<u>(2,294,571)</u>
Gross (loss)/profit	(287,782)	55,634	(61,977)	-	-	(294,125)
Other operating expenses	<u>(104,064)</u>	<u>(30,869)</u>	<u>(11,826)</u>	-	-	<u>(146,759)</u>
(Loss)/profit from operations	(391,846)	24,765	(73,803)	-	-	(440,884)
Investments income	-	-	-	160,565	-	160,565
Share of loss in an associate	-	-	-	(48,841)	-	(48,841)
Other income	-	-	-	-	146	146
Impairment of available-for sale investments	-	-	-	<u>(16,392)</u>	-	<u>(16,392)</u>
Segment (loss)/profit for the period	<u>(391,846)</u>	<u>24,765</u>	<u>(73,803)</u>	<u>95,332</u>	<u>146</u>	<u>(345,406)</u>
Total segment assets	<u>1,651,364</u>	<u>1,171,239</u>	<u>69,389</u>	<u>9,962,716</u>	<u>2,243,867</u>	<u>15,098,575</u>
Total segment liabilities	<u>213,898</u>	<u>51,788</u>	<u>9,641</u>	<u>-</u>	<u>794,603</u>	<u>1,069,930</u>

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
for the three months ended 31 March 2016
(Reviewed)
(Expressed in Bahrain Dinars)

7 Segmental information (continued)

As at 31 December 2015 and for the three months ended 31 March 2015 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	2,256,581	1,058,026	445,521	-	-	3,760,128
Cost of sales	<u>(2,080,459)</u>	<u>(1,281,098)</u>	<u>(542,146)</u>	-	-	<u>(3,903,703)</u>
Gross profit/(loss)	176,122	(223,072)	(96,625)	-	-	(143,575)
Other operating expenses	<u>(98,747)</u>	<u>(60,807)</u>	<u>(25,733)</u>	-	-	<u>(185,287)</u>
Profit/(loss) from operations before government subsidy	77,375	(283,879)	(122,358)	-	-	(328,862)
Government subsidy	<u>279,921</u>	<u>272,540</u>	-	-	-	<u>552,461</u>
Profit/(loss) from operations	357,296	(11,339)	(122,358)	-	-	223,599
Investments income	-	-	-	176,950	-	176,950
Share of profit in an associate	-	-	-	106,075	-	106,075
Other income	-	-	-	-	956	956
Impairment of available-for sale investments	-	-	-	<u>(17,672)</u>	-	<u>(17,672)</u>
Segment profit/(loss) for the period	<u>357,296</u>	<u>(11,339)</u>	<u>(122,358)</u>	<u>265,353</u>	<u>956</u>	<u>489,908</u>
Total segment assets	<u>1,942,445</u>	<u>834,823</u>	<u>264,500</u>	<u>10,567,547</u>	<u>2,256,054</u>	<u>15,865,369</u>
Total segment liabilities	<u>307,351</u>	<u>57,314</u>	<u>25,954</u>	<u>-</u>	<u>450,294</u>	<u>840,913</u>

8 Interim results

The interim net profit for the three months period ended 31 March 2016 may not represent a proportionate share of the annual net profit or loss due to the nature of the Company's activities, timing of the receipt of dividend and investment income.

9 Subsequent events

There were no events subsequent to 31 March 2015 and occurring before the date of the approval of the statement of financial information that are expected to have a significant impact on this statement of financial information.

Schedule (1): Quantities produced and sold

	Three months period ended <u>31 March 2016</u>	Three months period ended <u>31 March 2015</u>
Quantities sold		
Chicken	1,409,158 KG	2,332,676 KG
Feed	3,899 ton	8,475 ton
Chicks	646,938 chicks	2,344,847 chicks
Quantities produced		
Chicken	654,368 KG	2,262,195 KG
Feed	3,716 ton	8,418 ton
Chicks	577,180 chicks	2,392,770 chicks