

**Delmon Poultry Company B.S.C.**

Condensed interim financial information  
for the quarter and nine months ended  
30 September 2018  
(Reviewed)

**Delmon Poultry Company B.S.C.**  
**Condensed interim financial information for the quarter and nine months**  
**ended 30 September 2018**  
**(Reviewed)**

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**Delmon Poultry Company B.S.C.**  
**Administration and contact details as at 30 September 2018**

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<b>Commercial registration</b>	10700-1 obtained on 21 July 1980 10700-2 obtained on 2 March 2017
<b>Board of Directors</b>	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 Jihad Bukamal Isa Mohamed Abdulrahim Alrafaei Fouad Ebrahim Yousif Almutawa
<b>Executive Committee</b>	Yousuf Saleh Al Saleh ( <i>Chairman</i> ) Abdul Rahman Mohamed Jamsheer ( <i>Vice Chairman</i> ) Mohamed Jihad Bukamal Isa Mohamed Abdulrahim Alrafaei
<b>Audit Committee</b>	Talal Mohamed Abdulla Al Mannai ( <i>Chairman</i> ) Abdulhussain Khalil Dewani Jaffar Mohamed Ali Al Dhaif Fouad Ebrahim Yousif Almutawa
<b>Governance Committee</b>	Fouad Ebrahim Yousif Almutawa ( <i>Chairman</i> ) Abdulredha Mohamed Al Daylami Jaffar Mohamed Ali Al Dhaif
<b>Nomination and Remuneration Committee</b>	Abdulredha Mohamed Al Daylami ( <i>Chairman</i> ) Abdulhussain Khalil Dewani Ebrahim Abdali Al Daaysi
<b>Strategic planning and development Committee</b>	Isa Mohamed Abdulrahim Alrafaei ( <i>Chairman</i> ) Mohamed Jihad Bukamal Ebrahim Abdali Al Daaysi Talal Mohamed Abdulla Al Mannai
<b>General Manager</b>	Abdulahdi Mirza Jaffar

**Delmon Poultry Company B.S.C.**  
**Administration and contact details as at 30 September 2018 (continued)**

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**Offices and plants**

Administration and chicken processing plant  
Hamala, PO Box 20535  
Telephone 17608282  
Fax 17601930  
Email: [info@dawajen.bh](mailto:info@dawajen.bh)  
Website: [www.dawajen.bh](http://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  
National Bank of Kuwait

**Auditors**

BDO  
17<sup>th</sup> Floor  
Diplomatic Commercial Office Tower  
PO Box 787  
Manama  
Kingdom of Bahrain

**Internal Auditor**

Grant Thornton - Abdulaal  
12<sup>th</sup> Floor, Al Nakeel Tower  
Seef District  
PO Box 11175  
Kingdom Of Bahrain

**Share registrar**

Bahrain Bourse  
PO Box 3203  
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 30 September 2018, 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 quarter and nine 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 30 September 2018, and its financial performance and its cash flows for the quarter and nine months then ended in accordance with International Accounting Standard 34 - "*Interim Financial Reporting*".

BDO

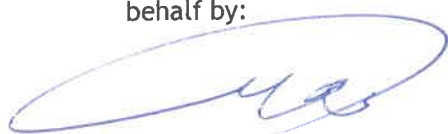
Manama, Kingdom of Bahrain  
13 November 2018



**Delmon Poultry Company B.S.C.**  
**Condensed interim statement of financial position as at 30 September 2018 (Reviewed)**  
**(Expressed in Bahrain Dinars)**

	30 September 2018 (Reviewed)	31 December 2017 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,563,754	2,574,476
Investment in an associate company	1,682,171	1,802,628
Financial assets at fair value through other comprehensive income	2,999,098	-
Financial assets at fair value through profit or loss	674,048	-
Financial assets at amortised cost	750,000	-
Available-for-sale investments	-	3,819,084
Held-to-maturity investments	-	1,250,000
<b>Total non-current assets</b>	<u>8,669,071</u>	<u>9,446,188</u>
<b>Current assets</b>		
Inventories	2,069,663	1,883,678
Trade and other receivables	2,619,389	1,664,288
Cash and cash equivalents	400,038	828,627
<b>Total current assets</b>	<u>5,089,090</u>	<u>4,376,593</u>
<b>TOTAL ASSETS</b>	<u>13,758,161</u>	<u>13,822,781</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
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	1,866,865	1,784,847
Retained earnings	1,489,641	1,315,749
Treasury shares	(118,093)	(118,093)
<b>Total shareholders' equity</b>	<u>12,912,805</u>	<u>12,656,895</u>
<b>Non-current liabilities</b>		
Non-current portion of deferred income	36,382	-
Employees' terminal benefits	22,208	23,362
	<u>58,590</u>	<u>23,362</u>
<b>Current liabilities</b>		
Current portion of deferred income	4,596	-
Short-term borrowings	-	70,580
Trade and other payables	782,170	1,071,944
<b>Total liabilities</b>	<u>845,356</u>	<u>1,165,886</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>13,758,161</u>	<u>13,822,781</u>

The reviewed condensed interim financial information set out on pages 5 to 19, was approved and authorised for issue by the Board of Directors on 13 November 2018 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 quarter and nine months  
ended 30 September 2018  
(Reviewed)  
(Expressed in Bahrain Dinars)

	Quarter ended 30 September 2018 (Reviewed)	Quarter ended 30 September 2017 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)	Nine months period ended 30 September 2017 (Reviewed)
Sales	3,890,145	3,332,011	11,586,275	10,837,202
Cost of sales	<u>(3,764,928)</u>	<u>(3,376,119)</u>	<u>(10,852,340)</u>	<u>(10,732,673)</u>
<b>Gross profit/(loss) for the period</b>	125,217	(44,108)	733,935	104,529
Other operating expenses	(175,097)	(157,884)	(482,987)	(448,529)
Finance costs	<u>-</u>	<u>(2,324)</u>	<u>-</u>	<u>(2,324)</u>
	(175,097)	(160,208)	(482,987)	(450,853)
<b>(Loss)/profit from operations</b>	(49,880)	(204,316)	250,948	(346,324)
Investment income	32,325	37,497	228,910	227,835
Unrealised fair value (losses)/ gains on financial assets at fair value through profit or loss	(8,593)	-	36,231	-
Realised gain on sales of available for-sales Investments	-	364,891	-	364,891
Share of loss in an associate company	(43,077)	(85,578)	(123,824)	(52,977)
Other income	12,215	342	34,545	1,485
Impairment of available for-sale- investments	<u>-</u>	<u>(279,948)</u>	<u>-</u>	<u>(310,518)</u>
<b>Net (loss)/income for the period</b>	<u>(57,010)</u>	<u>(167,112)</u>	<u>426,810</u>	<u>(115,608)</u>
<b>Basic (losses)/earnings per share (fils)</b>	<u>(1.86)</u>	<u>(5.45)</u>	<u>13.94</u>	<u>(3.78)</u>

The reviewed condensed interim financial information set out on pages 5 to 19, was approved and authorised for issue by the Board of Directors on 13 November 2018 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 quarter and nine months ended 30 September 2018  
(Reviewed)  
(Expressed in Bahrain Dinars)

	Quarter ended 30 September 2018 (Reviewed)	Quarter ended 30 September 2017 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)	Nine months period ended 30 September 2017 (Reviewed)
Net (loss)/profit for the period	(57,010)	(167,112)	426,810	(115,608)
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Unrealised fair value gains on financial assets at fair value through other comprehensive income	35,990	-	75,079	-
<i>Items that may be reclassified into profit or loss</i>				
Unrealised fair values losses on available-for-sale investments	-	(42,706)	-	(12,806)
Company's share in associate's net change in investments' fair value	4,138	469	3,367	(4,180)
Net movement in investment fair value reserve on the sales of available-for-sale investments	-	5,822	-	5,822
Other comprehensive income/(loss) for the period	40,128	(36,415)	78,446	(11,164)
Total comprehensive (loss)/income for the period	(16,882)	(203,527)	505,256	(126,772)



**Delmon Poultry Company B.S.C.**

**Condensed interim statement of changes in shareholders' equity for the nine months ended 30 September 2018**

(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
At 1 January 2017 (Audited)	3,120,928	1,560,464	3,993,000	1,000,000	1,809,252	1,939,554	(116,266)	13,306,932
Total comprehensive loss for the period	-	-	-	-	(11,164)	(115,608)	-	(126,772)
Dividends for 2016 (Note 5)	-	-	-	-	-	(306,197)	-	(306,197)
At 30 September 2017 (Reviewed)	<u>3,120,928</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>1,798,088</u>	<u>1,517,749</u>	<u>(116,266)</u>	<u>12,873,963</u>
At 31 December 2017 (Audited)	3,120,928	1,560,464	3,993,000	1,000,000	1,784,847	1,315,749	(118,093)	12,656,895
Increase in provision for impaired trade receivables upon adoption of IFRS 9 (Note 3)	-	-	-	-	-	(96,280)	-	(96,280)
Transfer to retained earnings on adoption of IFRS 9 (Note 3)	-	-	-	-	(3,292)	3,292	-	-
At 1 January 2018 (Restated)	3,120,928	1,560,464	3,993,000	1,000,000	1,781,555	1,222,761	(118,093)	12,560,615
Total comprehensive income for the period	-	-	-	-	78,446	426,810	-	505,256
Movement in investment fair value reserve on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	6,864	(6,864)	-	-
Dividends for 2017 (Note 5)	-	-	-	-	-	(153,066)	-	(153,066)
At 30 September 2018	<u>3,120,928</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>1,866,865</u>	<u>1,489,641</u>	<u>(118,093)</u>	<u>12,912,805</u>

**Delmon Poultry Company B.S.C.**  
**Condensed interim statement of cash flows for the quarter and nine months**  
**ended 30 September 2018**  
**(Reviewed)**  
**(Expressed in Bahrain Dinars)**

	Nine months period ended 30 September 2018 (Reviewed)	Nine months period ended 30 September 2017 (Reviewed)
<b>Operating activities</b>		
Net profit/(loss) for the period	426,810	(115,608)
Adjustments for:		
Depreciation	285,916	229,870
Impairment of available-for-sale investments	-	310,518
Unrealised fair value gains on financial assets at fair value through profit or loss	(36,231)	-
Share of loss in associate company	123,824	52,977
Realised gains on sale of available-for-sales investments	-	(364,891)
Interest and dividends	(228,910)	(227,835)
Increase in provision for impaired trade receivables upon adoption of IFRS 9	(96,280)	-
Changes in operating assets and liabilities:		
Inventories	(185,985)	(79,675)
Trade and other receivables	(955,101)	(1,637,280)
Trade and other payables	(281,100)	1,637,682
Employees' terminal benefits, net	(1,154)	5,258
Net cash used in operating activities	<u>(948,211)</u>	<u>(188,984)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(275,194)	(476,465)
Proceed from matured financial assets at amortised cost	500,000	-
Proceeds from sale of financial assets at fair value through other comprehensive income	257,248	-
Purchase of available for-sale-investments	-	(794,560)
Proceeds from sale of available for- sale-investments	-	495,242
Net movement in term deposits	-	351,673
Interest and dividends received	<u>228,910</u>	<u>227,835</u>
Net cash provided by/(used in) investing activities	<u>710,964</u>	<u>(196,275)</u>
<b>Financing activities</b>		
Net movement in deferred income	40,978	-
Net movement in short-term borrowing	(70,580)	265,602
Dividends paid	<u>(161,740)</u>	<u>(300,375)</u>
Net cash used in financing activities	<u>(191,342)</u>	<u>(34,773)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(428,589)</b>	<b>(420,032)</b>
Cash and cash equivalents, beginning of the period	<u>828,627</u>	<u>1,030,548</u>
Cash and cash equivalents, end of the period	<u>400,038</u>	<u>610,516</u>

**Delmon Poultry Company B.S.C.**  
**Selected explanatory notes to the condensed interim financial information**  
**for the quarter and nine months ended 30 September 2018**  
**(Reviewed)**  
**(Expressed in Bahrain Dinars)**

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**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 10700-1 obtained on 21 July 1980 and commercial registration number 107001-2 obtained on 2 March 2017.

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 2017, which have been prepared in accordance with International Financial Reporting Standards.

The condensed interim financial information has been prepared using going concern assumption under the historical cost convention, modified by the valuation of available-for-sale investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at their fair values.

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 2017, as described in those annual audited financial statements except for those changed due to adoption of IFRS 9 and 15 as disclosed in Note 3.

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 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 2014/2016 and 2015/2017 cycles*

Improvements/amendments to IFRS issued in 2014/2016 and 2015/2017 cycles 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 2018 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 effective and adopted in 2018*

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2018 and has been adopted in the preparation of these financial statements:

<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

The impact of the adoption of IFRS 9 and 15 and related new accounting policies are disclosed in Note 3 below. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

### *Standards, amendments and interpretations issued and effective in 2018 but not relevant*

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2018 or subsequent periods, but is 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 28	Investments in associates	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards	1 January 2018
IFRS 2	Share-based payment	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

**Delmon Poultry Company B.S.C.**  
**Selected explanatory notes to the condensed interim financial information**  
**for the quarter and nine months ended 30 September 2018**  
**(Reviewed)**  
**(Expressed in Bahrain Dinars)**

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**2 Basis of preparation (continued)**

***Standards, amendments and interpretations issued but not yet effective in 2018***

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 September 2018. They have not been adopted in preparing the financial statements for the period ended 30 September 2018 and will or may have an effect on the entity's future financial statements. 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>
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 40	Investment properties	1 July 2018
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

There would have been no change in the operational results of the Company for the period ended 30 September 2018 had the Company early adopted any of the above standards applicable to the Company except for IFRS 16, the impact of which is being assessed by the Company.

**Early adoption of amendments or standards in 2018**

The Company did not early-adopt any new or amended standards in 2018.

**3 Accounting policies**

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the annual audited financial statements of the Company prepared as at, and for the year ended 31 December 2017, as described in those annual audited financial statements except for those changed due to adoption of IFRS 9 and 15 as stated below.

**IFRS 9 - "Financial Instruments"**

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are as set out below. In accordance with the exemptions available as per the transitional provisions in IFRS 9, the standard is applied retrospectively and the comparative figures have not been restated.

### 3 Accounting policies (continued)

#### IFRS 9 - "Financial Instruments" (continued)

##### Investments and other financial assets - Classification and measurement

The Company classifies its financial assets in the following measurement categories:

1. Fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
2. Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, fair value gains and losses recognition will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments under amortised cost representing financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. If there are any impairment losses, those are presented in the statement of profit or loss.

##### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of realised fair value gains and losses to profit or loss at each reporting date following the derecognition of the investment. A dividend from such investments continues to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the unrealised and realised fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its trade receivables and debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 3 Accounting policies (continued)

#### IFRS 9 - "Financial Instruments" (continued)

##### Investments and other financial assets - impact of adoption

##### a) Reclassification from available-for-sale to financial assets at fair value through profit or loss

Investments in managed funds amounting to BD637,820 were reclassified from available-for-sale to financial assets at fair value through profit or loss as at 1 January 2018. Due to puttable nature of these investments although they meet the hold to collect and sell criteria, these instruments do not meet the solely payments of principal and interest (SPPI) criteria therefore are classified as fair value through profit or loss being the residual category under IFRS 9.

As a result of the reclassification, the related fair value loss of BD3,292 up to 31 December 2017 were transferred from the available-for-sale financial assets reserve to retained earnings on 1 January 2018. In the nine months up to 30 September 2018, net fair value gains of BD36,231 relating to these investments were recognised in the statement of profit or loss.

##### b) Equity investments previously classified as available-for-sale

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of BD3,181,264 were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income and stated as non-current. No impact on the fair value reserve related to those investments amounting to BD1,774,496 in the statement of financial position as at 31 December 2017.

##### c) Reclassification from held-to-maturity to amortised cost

Bonds which were previously classified as held-to maturity amounting to BD750,000 are now classified at amortised cost. The Group intends to hold these investments to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Therefore, for these held to maturity investments there was no difference between the previous carrying amount and the revised carrying amount of the other financial assets at 1 January 2018 to be recognised in opening retained earnings and only classification change as financial assets at amortised cost.

##### d) Trade and other receivables

IFRS 9 has fundamentally changed the loan loss impairment methodology. The standard has replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Company is required to record an allowance for expected losses for all loans and other debt type financial assets not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

Delmon Poultry Company B.S.C.

Selected explanatory notes to the condensed interim financial information  
for the quarter and nine months ended 30 September 2018

(Reviewed)

(Expressed in Bahrain Dinars)

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### 3 Accounting policies (continued)

#### IFRS 9 - "Financial Instruments" (continued)

##### Investments and other financial assets - impact of adoption (continued)

##### d) Trade and other receivables (continued)

The Company has established a policy to perform an assessment by considering the change in the risk of default occurring over the remaining life of the financial instrument. To calculate ECL, the Company has estimated the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e. the difference between: the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive, discounted at the effective interest rate of the loan. The Company has applied an expected credit loss model to calculate impairment loss on its trade and other receivables and recorded an additional provision of BD96,280 on 1 January 2018.

#### IFRS 15- "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

##### *Performance obligations and timing of revenue recognition*

The majority of the Company's revenue is derived from selling goods with revenue recognised at a point in time when the control of goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

##### *Determining the transaction price*

Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.



**Delmon Poultry Company B.S.C.**

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**3 Accounting policies (continued)**

**IFSR 15- "Revenue from Contracts with Customers" (continued)**

**Allocating amounts to performance obligations**

For most of the contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

**4 (Losses)/earnings per share**

	Quarter ended 30 September 2018	Quarter ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Net (loss)/profit for the period	<u>(57,010)</u>	<u>(167,112)</u>	<u>426,810</u>	<u>(115,608)</u>
Weighted average number of shares outstanding	<u>30,612,969</u>	<u>30,619,269</u>	<u>30,612,969</u>	<u>30,619,269</u>
(Losses)/earnings per share (fils)	<u>(1.86)</u>	<u>(5.46)</u>	<u>13.94</u>	<u>(3.78)</u>

The (losses)/earnings per share has been computed on the basis of net profit or loss for the quarter and nine months ended 30 September divided by the weighted average number of shares outstanding for the period total of 30,612,969 net of 596,308 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.

**5 Appropriations**

The Annual General Meeting of shareholders held on 21 March 2017 has approved 5% (2016:10%) cash dividends of share nominal value amounting to BD153,066 for the year ended 31 December 2017 (2016: BD306,193). The Annual General Meeting of the shareholders did not approve any remuneration for the directors for the year ended 31 December 2017 (2016: BDNil).

**6 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 authorised by the management and conducted on an arm's length basis or on normal commercial terms.

**Deimon Poultry Company B.S.C.**  
**Selected explanatory notes to the condensed interim financial information**  
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**6 Transactions and balances with related parties (continued)**

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

		<u>30 September 2018</u>		<u>31 December 2017</u>		<u>30 September 2017</u>	
	<u>Receivables</u>	<u>Sales</u>	<u>Purchases</u>	<u>Receivables</u>	<u>Payables</u>	<u>Sales</u>	<u>Purchases</u>
Major shareholders	161,583	764,535	-	84,832	-	703,978	-
Entities controlled by directors	<u>19,780</u>	<u>338,802</u>	<u>523,319</u>	<u>25,310</u>	<u>1,590</u>	<u>309,976</u>	<u>506,509</u>
<b>Total</b>	<b><u>181,363</u></b>	<b><u>1,103,337</u></b>	<b><u>523,319</u></b>	<b><u>110,142</u></b>	<b><u>1,590</u></b>	<b><u>1,013,954</u></b>	<b><u>506,509</u></b>

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:

	<u>Nine months period ended 30 September 2018</u>	<u>Nine months period ended 30 September 2017</u>
Board of directors' remuneration	-	6,000
Board of directors attendance fees	25,200	23,600
Salaries and other benefits	<u>13,500</u>	<u>13,500</u>
	<b><u>38,700</u></b>	<b><u>43,100</u></b>

**7 Property, plant and equipment**

Additions to property, plant and equipment during the nine months period ended 30 September 2018 amounted to BD275,194 (30 September 2017: BD476,465). There were no disposals of property, plant and equipment during the nine months period ended 30 September 2018 (30 September 2017: BD10,574). Depreciation in the property, plant and equipment during the nine month period ended 30 September 2018 amounted to BD285,916 (30 September 2017: BD229,870)

**Delmon Poultry Company B.S.C.**

**Selected explanatory notes to the condensed interim financial information  
for the quarter and nine months ended 30 September 2018**

**(Reviewed)**

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**8 Segmental information:**

As at and for the nine months ended 30 September 2018 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	6,555,317	3,583,728	1,447,230	-	-	11,586,275
Cost of sales	<u>(6,201,877)</u>	<u>(3,454,185)</u>	<u>(1,196,278)</u>	-	-	<u>(10,852,340)</u>
Gross profit	353,440	129,543	250,952	-	-	733,935
Other operating Expenses	<u>(276,013)</u>	<u>(153,732)</u>	<u>(53,242)</u>	-	-	<u>(482,987)</u>
Profit from operations	77,427	(24,189)	197,710	-	-	250,948
Investments income	-	-	-	228,910	-	228,910
Share of loss in an associate	-	-	-	(123,824)	-	(123,824)
Other income	967	770	1,899	-	30,909	34,545
Unrealised fair value gains on financial assets at fair value through profit or loss	-	-	-	<u>36,231</u>	-	<u>36,231</u>
Segment profit/(loss) for the period	<u>78,394</u>	<u>(23,419)</u>	<u>199,609</u>	<u>141,317</u>	<u>30,909</u>	<u>426,810</u>
Total segment assets	<u>3,585,555</u>	<u>2,655,947</u>	<u>432,305</u>	<u>6,105,317</u>	<u>979,037</u>	<u>13,717,181</u>
Total segment liabilities	<u>265,454</u>	<u>77,438</u>	<u>8,568</u>	-	<u>493,896</u>	<u>804,381</u>

**Delmon Poultry Company B.S.C.**  
**Selected explanatory notes to the condensed interim financial information**  
**for the quarter and nine months ended 30 September 2018**  
**(Reviewed)**  
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**8 Segmental information (continued):**

As at 31 December 2017 and for the nine months ended 30 September 2017 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	6,304,346	3,170,181	1,362,675	-	-	10,837,202
Cost of sales	(6,528,317)	(3,093,492)	(1,110,864)	-	-	(10,732,673)
Gross (loss)/profit	(223,971)	76,689	251,811	-	-	104,529
Other operating expenses	(274,104)	(130,049)	(46,700)	-	-	(450,853)
(Loss)/profit from operations	(498,075)	(53,360)	205,111	-	-	(346,324)
Investment income	-	-	-	227,835	-	227,835
Realised gain on sales of available for-sales Investments	-	-	-	364,891	-	364,891
Share of loss in an associate	-	-	-	(52,977)	-	(52,977)
Other income	-	-	-	-	1,485	1,485
Impairment of available-for-sale investments	-	-	-	(310,518)	-	(310,518)
Segment (loss)/profit for the period	(498,075)	(53,360)	205,111	229,231	1,485	(115,608)
Total segment assets	3,221,993	1,969,697	593,810	6,871,710	1,165,571	13,822,781
Total segment liabilities	523,850	203,630	22,895	-	415,511	1,165,886

**9 Interim results**

The interim net profit for the nine months period ended 30 September 2018 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.

**10 Subsequent events**

There were no events subsequent to 30 September 2018 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.

Delmon Poultry Company B.S.C.  
Additional information (Not reviewed)  
(Expressed in Bahrain Dinars)

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**Schedule (1): Quantities produced and sold**

	Nine months period ended <u>30 September 2018</u>	Nine months period ended <u>30 September 2017</u>
<b>Quantities sold</b>		
Chicken	6,103,278 KG	6,581,020 KG
Feed	27,761 ton	24,518 ton
Chicks	7,233,148 chicks	6,813,379 chicks
<b>Quantities produced</b>		
Chicken	6,427,665 KG	6,270,213 KG
Feed	28,077 ton	26,995 ton
Chicks	7,306,770 chicks	6,882,230 chicks