

Delmon Poultry Company B.S.C.

Condensed interim financial information
for the quarter and nine months ended
30 September 2019
(Reviewed)

Delmon Poultry Company B.S.C.
Condensed interim financial information for the nine months period ended 30 September 2019
(Reviewed)

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Delmon Poultry Company B.S.C.
Administration and contact details as at 30 September 2019

Commercial registration	10700-1 obtained on 21 July 1980 10700-2 obtained on 2 March 2017 10700-3 obtained on 26 January 2019
Board of directors	Abdul Rahman Mohamed Jamsheer (Chairman) Abdulhussain Khalil Dewani (Vice Chairman) Yousuf Saleh Al-Saleh Abdulredha Mohamed Al Daylami Talal Mohamed Abdulla Al Mannai Esam Abdulhameed Zainal Mohamed Zainal Jaffar Mohamed Ali Al Dhaif Mohamed Jihad Bukamal Isa Mohamed Abdulrahim Alrafaei Fouad Ebrahim Yousif Almutawa
Executive Committee	Mohamed Jihad Bukamal(Chairman) Abdul Rahman Mohamed Jamsheer Yousuf Saleh Al Saleh Isa Mohamed Abdulrahim Alrafaei
Audit Committee	Talal Mohamed Abdulla Al Mannai (Chairman) Abdulhussain Khalil Dewani Jaffar Mohamed Ali Al Dhaif Fouad Ebrahim Yousif Almutawa
Governance Committee	Fouad Ebrahim Yousif Almutawa (Chairman) Abdulredha Mohamed Al Daylami Esam Abdulhameed Zainal Mohamed Zainal
Nomination and Remuneration Committee	Abdulredha Mohamed Al Daylami (Chairman) Abdulhussain Khalil Dewani Esam Abdulhameed Zainal Mohamed Zainal
General Manager	Abdulahdi Mirza Jaffar

Delmon Poultry Company B.S.C.
Administration and contact details as at 30 September 2019 (continued)

Offices and plants

Administration and chicken processing plant
Hamala, PO Box 20535
Telephone 17608282
Fax 17601930
Email: info@dawajen.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
National Bank of Kuwait

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

Bahrain Clear
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 2019, the condensed interim statement of profit or loss, the condensed interim statement of 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 2019, 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 2019



Delmon Poultry Company B.S.C.
Condensed interim statement of financial position as at 30 September 2019 (Reviewed)
(Expressed in Bahrain Dinars)

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
ASSETS		
Non-current assets		
Right-of-use assets	585,414	-
Property, plant and equipment	3,142,628	2,630,176
Investment in an associate	1,597,833	1,635,076
Financial assets at fair value through other comprehensive income	2,921,687	2,971,304
Financial assets at fair value through profit or loss	676,755	668,095
Investments at amortised cost	<u>500,000</u>	<u>750,000</u>
	<u>9,424,317</u>	<u>8,654,651</u>
Current assets		
Inventories	2,797,798	2,886,343
Trade and other receivables	1,943,446	2,414,299
Cash and bank balances	<u>801,955</u>	<u>331,779</u>
	<u>5,543,199</u>	<u>5,632,421</u>
TOTAL ASSETS	<u>14,967,516</u>	<u>14,287,072</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	1,879,702	1,865,423
Retained earnings	1,683,730	1,454,210
Treasury shares	<u>(118,093)</u>	<u>(118,093)</u>
Total shareholders' equity	<u>13,119,731</u>	<u>12,875,932</u>
Non-current liabilities		
Non-current portion of lease liability	568,936	-
Non-current portion of deferred income	210,955	53,560
Employees' terminal benefits	<u>28,942</u>	<u>23,685</u>
	<u>808,833</u>	<u>77,245</u>
Current liabilities		
Current portion of lease liability	26,556	-
Trade and other payables	998,590	1,045,635
Current portion of deferred income	13,806	6,935
Bank overdrafts	<u>-</u>	<u>281,325</u>
	<u>1,038,952</u>	<u>1,333,895</u>
Total liabilities	<u>1,847,785</u>	<u>1,411,140</u>
TOTAL EQUITY AND LIABILITIES	<u>14,967,516</u>	<u>14,287,072</u>

The reviewed condensed interim financial information was approved and authorised for issue by the Board of Directors and signed on their behalf by:


Abdul Rahman Mohamed Jamsheer
Chairman



Abdulhussain Khalil Dewani
Vice chairman


Abdulhadi Mirza Jaffar
General manager

Delmon Poultry Company B.S.C.
Condensed interim statement of profit or loss for the quarter and nine months period ended
30 September 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	Quarter ended 30 September 2019 (Reviewed)	Quarter ended 30 September 2018 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)
Sales	3,616,530	3,890,145	11,511,047	11,586,275
Cost of sales	<u>(3,508,144)</u>	<u>(3,764,928)</u>	<u>(11,190,771)</u>	<u>(10,852,340)</u>
Gross profit for the period	108,386	125,217	320,276	733,935
Other income	19,121	12,215	55,475	34,545
Other operating expenses	<u>(169,588)</u>	<u>(175,097)</u>	<u>(522,268)</u>	<u>(482,987)</u>
(Loss)/profit from operation	(42,081)	(37,665)	(146,517)	285,493
Investments income	28,344	32,325	208,309	228,910
Share of loss in an associate company	(26,517)	(43,077)	(19,663)	(123,824)
Finance cost	(5,104)	-	(17,242)	-
Unrealised fair value (losses)/ gains on financial assets at fair value through profit or loss	<u>(8,554)</u>	<u>(8,593)</u>	<u>8,660</u>	<u>36,231</u>
Net (loss)/profit for the period	<u>(53,912)</u>	<u>(57,010)</u>	<u>33,547</u>	<u>426,810</u>
Basic (loss)/earnings per share (fils)	<u>(1.76)</u>	<u>(1.86)</u>	<u>1.10</u>	<u>13.94</u>

The reviewed condensed interim financial information was approved and authorised for issue by the Board of Directors and signed on their behalf by:


Abdul Rahman Mohamed Jamsheer
Chairman


Abdulhussain Khalil Dewani
Vice chairman


Abdulhadi Mirza Jaffar
General manager

Delmon Poultry Company B.S.C.
Condensed interim statement of comprehensive income
for the quarter and nine months ended 30 September 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	Quarter ended 30 September 2019 (Reviewed)	Quarter ended 30 September 2018 (Reviewed)	Nine months period ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)
Net (loss)/profit for the period	(53,912)	(57,010)	33,547	426,810
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	27,297	35,990	380,895	75,079
<i>Items that may be reclassified into profit or loss</i>				
Company's share in associate's net change in investments' fair value	<u>(2,353)</u>	<u>4,138</u>	<u>(17,578)</u>	<u>3,367</u>
Other comprehensive income for the period	<u>24,944</u>	<u>40,128</u>	<u>363,317</u>	<u>78,446</u>
Total comprehensive (loss)/income for the period	<u>(28,968)</u>	<u>(16,882)</u>	<u>396,864</u>	<u>505,256</u>

Delmon Poultry Company B.S.C.
Condensed interim statement of changes in shareholders' equity for the nine months ended 30 September 2019
(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
As at 31 December 2017	3,120,928	1,560,464	3,993,000	1,000,000	1,784,847	1,315,749	(118,093)	12,656,895
Effect of adoption of IFRS 9	-	-	-	-	(3,292)	(92,988)	-	(96,280)
Adjusted balance at 1 January 2018	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 (Reviewed)	<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>
At 31 December 2018 (Audited)	3,120,928	1,560,464	3,993,000	1,000,000	1,865,423	1,454,210	(118,093)	12,875,932
Total comprehensive income for the period	-	-	-	-	363,317	33,547	-	396,864
Movement in investment fair value reserve on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(349,038)	349,038	-	-
Dividends for 2018 (Note 5)	-	-	-	-	-	(153,065)	-	(153,065)
At 30 September 2019 (Reviewed)	<u>3,120,928</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>1,879,702</u>	<u>1,683,730</u>	<u>(118,093)</u>	<u>13,119,731</u>

Delmon Poultry Company B.S.C.
Condensed interim statement of cash flows for the nine months ended 30 September 2019
(Reviewed)
(Expressed in Bahrain Dinars)

	Nine months period ended 30 September 2019 (Reviewed)	Nine months period ended 30 September 2018 (Reviewed)
Operating activities		
Net profit for the period	33,547	426,810
Adjustments for:		
Depreciation	317,579	285,916
Amortisation of right-of-use assets	20,070	-
Interest expense on lease liability	15,236	-
Unrealised fair value gains on financial assets at fair value through profit or loss	(8,660)	(36,231)
Share of loss of associate	19,663	123,824
Interest and dividend income	(208,309)	(228,910)
Changes in operating assets and liabilities:		
Inventories	88,545	(185,985)
Trade and other receivables	470,853	(1,051,381)
Trade and other payables	(24,585)	(281,100)
Employees' terminal benefits, net	<u>5,257</u>	<u>(1,154)</u>
Net cash provided by/(used in) operating activities	<u>729,196</u>	<u>(948,211)</u>
Investing activities		
Purchase of property, plant and equipment	(830,031)	(275,194)
Proceed from matured investments at amortised cost	250,000	500,000
Proceeds from sale of financial assets at fair value through other comprehensive income	430,511	257,248
Interest and dividend received	<u>208,309</u>	<u>228,910</u>
Net cash provided by investing activities	<u>58,789</u>	<u>710,964</u>
Financing activities		
Principal elements of lease payments	(25,225)	-
Net movement in deferred income	164,266	40,978
Net movement in short-term borrowing	-	(70,580)
Dividends paid	<u>(175,525)</u>	<u>(161,740)</u>
Net cash used in financing activities	<u>(36,484)</u>	<u>(191,342)</u>
Net increase/(decrease) in cash and cash equivalents	751,501	(428,589)
Cash and cash equivalents, beginning of the period	<u>50,454</u>	<u>828,627</u>
Cash and cash equivalents, end of the period	<u>801,955</u>	<u>400,038</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 numbers 10700-1 obtained on 21 July 1980, commercial registration number 10700-2 obtained on 2 March 2017 and commercial registration number 10700-3 obtained on 26 January 2019.

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.

Name and status of the divisions:

<u>Name</u>	<u>Commercial registration number</u>	<u>Status</u>
Delmon Poultry Company	10700-1	Active
Delmon Poultry Company	10700-2	Active
Delmon Poultry Company	10700-3	Active

The reviewed condensed interim financial information set out on pages 5 to 17 was approved and authorised for issue by the Board of Directors and signed on 13 November 2019.

2 Basis of preparation

Basis of presentation

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 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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.

These financial statements have been prepared using the going concern assumption under the historical cost convention, except for the investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are recorded at their fair market value at the condensed interim statement of financial position date.

The financials 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

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS 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 future accounting period with earlier adoption.

Standards, amendments and interpretations effective and adopted in 2019

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial period beginning 1 January 2019 and has been adopted in the preparation of these condensed interim financial information:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 16	Leases	1 January 2019

IFRS 16 supersedes IAS 17 Leases. As a result of adoption of IFRS 16 the Company will recognise right of use assets and lease liabilities for all contracts that are, or contain, a lease. The Company has implemented IFRS 16 and has recognised right of use of assets and leases on balance sheet as at 1 January 2019. In addition, it is also decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Company will recognise finance cost on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its operating lease cost.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. As a result of the adoption of this standard as of 1 January 2019, BD605,484 was recognised as right-of-use assets and as lease liabilities resulting in reduction in prepayment by BD18,919 at the application date i.e. 1 January 2019.

Standards, amendments and interpretations issued and effective in 2019 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 2019 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 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 9	Financial instruments	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2019

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 September 2019. They have not been adopted in preparing the financial statements for the period ended 30 September 2019 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>
IFRS 17	Insurance contracts	1 January 2021

There would have been no change in the operational results of the Company for the period ended 30 September 2019 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in 2019

The Company did not early-adopt any new or amended standards in 2019.

3 Significant accounting policies and critical accounting, estimates and assumptions

Significant 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 2018, as described in those annual audited financial statements except for those changed due to adoption of IFRS 16.

Right of use assets

As explained above in Note 2, the Company has implemented IFRS 16 from 1 January 2019 and therefore the Company has recognised a right-of-use assets and lease liability in the financial statements. In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Company will recognise finance cost on its lease liabilities and amortisation on its right-of-use assets.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

3 Significant accounting policies and critical accounting, estimates and assumptions (continued)

Significant accounting policies (continued)

Right of use assets (continued)

The right of use asset is subsequently amortised using the straight line method from the commencement date to the earlier of the end of the useful life of the right use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Amortisation is calculated on a straight line basis over the estimated useful lives of the right of use assets.

Lease liability

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position.

3 Significant accounting policies and critical accounting, estimates and assumptions (continued)

Critical accounting, estimates and assumptions

Preparation of the financial condensed interim financial information 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 area requiring the use of management estimates and assumptions in the condensed interim financial information relate to economic useful life of right of use assets.

Economic useful life of right of use assets

Right of use assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the condensed interim statement of profit or loss in specific periods.

The Company's right of use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

Economic useful lives of right of use assets 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.

4 Earnings per share

	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Nine months Ended 30 September 2019	Nine months ended 30 September 2018
Net (loss)/profit for the period	<u>(53,912)</u>	<u>(57,010)</u>	<u>33,547</u>	<u>426,810</u>
Weighted average number of shares outstanding	<u>30,612,969</u>	<u>30,612,969</u>	<u>30,612,969</u>	<u>30,612,969</u>
(Losses)/earnings per share (fils)	<u>(1.76)</u>	<u>(1.86)</u>	<u>1.10</u>	<u>13.94</u>

The (losses)/earnings per share has been computed on the basis of net profit or loss for the periods ended 30 September divided by the weighted average number of shares outstanding for the period total of 31,209,277, 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.

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
for the quarter and nine months ended 30 September 2019
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(Expressed in Bahrain Dinars)

5 Appropriations

The Annual General Meeting of shareholders held on 21 March 2019 has approved 5% (2017:5%) cash dividends of share nominal value amounting to BD153,065 for the year ended 31 December 2018 (2018: BD153,065). Also the shareholders had approved the remuneration for the directors amounting to BD26,148 for the year ended 31 December 2018 (2018: No remuneration paid to directors for the year ended 31 December 2017).

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.

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

	30 September 2019			31 December 2018		30 September 2018		
	Receivables	Sales	Purchases	Receivables	Payables	Receivables	Sales	Purchases
Major shareholders	-	474,908	-	194,757	-	161,583	764,535	-
Entities controlled by directors	<u>26,148</u>	<u>355,416</u>	<u>377,233</u>	<u>1,533</u>	<u>98</u>	<u>19,780</u>	<u>338,802</u>	<u>523,319</u>
Total	<u>26,148</u>	<u>830,324</u>	<u>377,233</u>	<u>196,290</u>	<u>98</u>	<u>181,363</u>	<u>1,103,337</u>	<u>523,319</u>

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:

	Nine months ended 30 September 2019	Nine months ended 30 September 2018
Board of directors attendance fees	32,150	25,200
Salaries and other benefits	<u>4,500</u>	<u>13,500</u>
	<u>36,650</u>	<u>38,700</u>

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
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(Expressed in Bahrain Dinars)

7 Property, plant and equipment

Additions to property, plant and equipment during the nine months period ended 30 September 2019 amounted to BD830,031 (30 September 2018: BD275,194). There were no disposals of property, plant and equipment during the nine months period ended 30 September 2019 (30 September 2018: BDNil). Depreciation in the property, plant and equipment during the nine months period ended 30 September 2019 amounted to BD317,579 (30 September 2018: BD285,916).

8 Segmental information

As at and for the nine months period ended 30 September 2019 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	6,619,116	3,393,356	1,498,575	-	-	11,511,047
Cost of sales	<u>(6,588,615)</u>	<u>(3,379,804)</u>	<u>(1,222,352)</u>	<u>-</u>	<u>-</u>	<u>(11,190,771)</u>
Gross profit	30,501	13,552	276,223	-	-	320,276
Other income	17,731	5,469	3,460		28,815	55,475
Other operating expenses	<u>(307,462)</u>	<u>(157,592)</u>	<u>(57,214)</u>	<u>-</u>	<u>-</u>	<u>(522,268)</u>
(Loss)/profit from operations	(259,230)	(138,571)	222,469	-	28,815	(146,517)
Investments income	-	-	-	208,309	-	208,309
Share of loss in an associate	-	-	-	(19,663)	-	(19,663)
Finance cost	(6,467)	(10,429)	(346)	-	-	(17,242)
Unrealised fair value gains on financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,660</u>	<u>-</u>	<u>8,660</u>
Segment (loss)/profit for the period	<u>(265,697)</u>	<u>(149,000)</u>	<u>222,123</u>	<u>197,306</u>	<u>28,815</u>	<u>33,547</u>
Reportable segment assets	<u>4,439,938</u>	<u>3,067,626</u>	<u>679,764</u>	<u>5,696,276</u>	<u>1,083,912</u>	<u>14,967,516</u>
Reportable segment liabilities	<u>642,260</u>	<u>424,791</u>	<u>34,140</u>	<u>-</u>	<u>746,594</u>	<u>1,847,785</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 2019
(Reviewed)
(Expressed in Bahrain Dinars)

8 Segmental information (continued):

As at 31 December 2018 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 income	967	770	1,899	-	30,909	34,545
Other operating expenses	<u>(276,013)</u>	<u>(153,732)</u>	<u>(53,242)</u>	-	-	<u>(482,987)</u>
Profit/(loss) from operations	78,394	(23,419)	199,609	-	30,909	285,493
Investments income	-	-	-	228,910	-	228,910
Share of loss in an associate	-	-	-	(123,824)	-	(123,824)
Unrealised fair value gains on financial assets at fair value through profit or loss	-	-	-	36,231	-	36,231
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>3,942,276</u>	<u>2,719,940</u>	<u>451,226</u>	<u>6,024,475</u>	<u>1,149,155</u>	<u>14,287,072</u>
Total segment liabilities	<u>432,688</u>	<u>102,638</u>	<u>10,642</u>	-	<u>865,172</u>	<u>1,411,140</u>

9 Interim results

The interim net profit for the nine months period ended 30 September 2019 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 2019 and occurring before the date of the approval of the statement of financial information that are expected to have a significant impact on this condensed interim statement of financial information.

Schedule (1): Quantities produced and sold

	<u>Nine months period ended 30 September 2019</u>	<u>Nine months period ended 30 September 2018</u>
Quantities sold		
Chicken	5,958,535 KG	6,103,278 KG
Feed	26,043 ton	27,761 ton
Chicks	7,498,436 chicks	7,233,148 chicks
Quantities produced		
Chicken	6,063,631 KG	6,111,359 KG
Feed	22,379 ton	28,077 ton
Chicks	7,467,540 chicks	7,306,770 chicks