Delmon Poultry Company B.S.C.

Financial statements for the
year ended 31 December 2022

Index

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 Jaffar Mohamed Ali Al Dhaif Mohamed Jehad Bukamal - up to 31 January 2022 Hasan Nabeel Ebrahim Al Mahroos Fouad Ebrahim Almutawa Abdulla Jasim Al Ahmed - from 8 March 2022
Executive Committee	Yousuf Saleh Al-Saleh (Chairman) Abdul Rahman Mohamed Jamsheer Esam Abdulhameed Zainal Abdulla Jasim Al Ahmed
Audit Committee	Abdulhussain Khalil Dewani (Chairman) Hasan Nabeel Ebrahim Al Mahroos Talal Mohamed Abdulla Al Mannai Fouad Ebrahim Yousif Almutawa
Governance Committee	Fouad Ebrahim Almutawa (Chairman) Abdulredha Mohamed Al Daylami Abdulla Jasim Al Ahmed Jaffar Mohamed Ali Al Dhaif
Nomination and Remuneration Committee	Yousuf Saleh Al-Saleh (Chairman) Abdulredha Mohamed Al Daylami Jaffar Mohamed Ali Al Dhaif Talal Mohamed Abdulla Al Mannai
Tenders and Procurement Committee	Esam Abdulhameed Zainal (Chairman) Hasan Nabeel Ebrahim Al Mahroos
Chief Executive Officer (CEO)	Abdulhadi Mirza Jaffar

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 National Bank of Kuwait Bahrain Islamic Bank Bank of Bahrain and Kuwait Kuwait Finance House Arab bank
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 B.S.C (c) PO Box 3203 Manama Kingdom of Bahrain

شركة دلمون للدواجن ش.م.ب
Delmon Poultry Company B.S.C.

Delmon Poultry Company B.S.C.
Directors' report for the year ended 31 December 2022

Dear shareholders,

On behalf of myself and members of the Board of Directors, it gives me great pleasure to present the report of the Board of Directors of Delmon Poultry Company B.S.C. for the year ended 31 December 2022.

The year 2022 was marked by the Company's continuation in implementing the strategy approved by the Board related to the rehabilitation and modernization program of the various production sites, as it completed a numbers of development projects that can be summarized as follows:

1. Developing the electrical power infrastructure, including the addition of backup power generators, which ensures the continuity of production in various circumstances, in addition to accommodating the increase in productivity in the chicken slaughterhouse.
2. Completion of the project of inspection and strengthening the foundation of the feed mill factory basement as part of the factory rehabilitation plan.

Work is also in progress to complete the chick's hatchery project in the Hamala area, in addition to frozen warehouses at the slaughterhouse site, where work will be completed during the first quarter of this year.

The year 2022 also witnessed the exit of the company and the sale of its share in Bahrain Livestock Company, which was the result of the company's policy to focus its efforts on the company's production operations and the developing it.

Financial Insights:

The Company's net sales for the year 2022 was about BD19 million, with an increase of BD 4 million compared to the previous year. The Company also recorded a gross profit of BO 930 thousand compared to a gross profit of BD 641 thousand in the previous year with a increase of 27%. The main reason for the decline in profits is due to the sale of it's shares in Bahrain Live stock company which had a result of BD 402 thousands.

All this was reflected in the company's net profit amounting to 25 thousand Bahraini dinars compared to 254 thousand Bahraini dinars in the previous year, which led to a decrease in the basic earnings per share to reach 1 fils compared to 8 fils in the previous year.

Future Insights:

The vision and aspirations of the Board of Directors are to develop the quality of work and its outputs. Therefore, the executive management's effort focused on implementing those aspirations within a circle of work and joint integration, which was the basis for facing challenges and difficulties during the past two years, especially since the company's operations are linked to a series of logistical matters from purchasing raw materials and transport operations, which were affected by the Covid 19 pandemic and the Russian-Ukrainian war, as a result of the hard work and advance planning, it had a great impact in overcoming these difficulties and maintaining the company's operations activity and continuity without hindrance.

Thanks and Gratitude:

On behalf of myself and member of the Board of Directors, I am pleased to extend my great thanks, appreciation and gratitude to His Majesty King Hamad Bin Isa Al Khalifa the beloved King of the Kingdom of Bahrain and to His Royal Highness Price Salman Bin Hamad Al Khalifa the Crown Price and Deputy Supreme Commander and Prime Minister may Allah bless them all and keep them enshrine for this beloved country for their wise leadership, guidance and continuous support for economy development.

And to His Excellency Sheikh Khalid bin Abdullah Al Khalifa, Deputy Prime Minister and Chairman of the Ministerial Committee for Services and Infrastructure for his distinguished wise directions to achieve food security in the Kingdom of Bahrain, and His Excellency Shaikh Salman bin Khalifa Al-Khalifa Minister of Finance and National Economy, His Excellency Abdulla bin Adel Fakhro Minister of Industry and Commerce , and His Excellency Minister Wael bin Naser AL Mubarak Ministry of Municipalities Affairs and Agriculture, and to the Dr.Khalid Ahmed Mohammed Hassan Undersecretary for Agricultural affairs and Marine resources, , and to all ministries, Governmental bodies and authorities for their continued support of the Company.

In conclusion, we are pleased to express our appreciation and heartfelt thanks to the valued shareholders and all honorable clients for the Company for their valued confidence and continuous support to the Company, as well as to the executive management and all employees of the company for their commitments, dedication, and their efforts during the year, wishing to continue exerting more efforts for the prosperity and development of the Company.

We ask God for success for the good of everyone.

Peace be upon you and God's mercy and blessings.

Abdul Rahman Mohamed Jamsheer
Chairman

13 February 2023

شركة دلمون للدواجن ش.م.ب
Delmon Poultry Company B.S.C

Delmon Poultry Company B.S.C.
Disclosure for the remuneration details for the year ended 31 December 2022

Disclosure for the remuneration of members of the board of directors and executive management for the year 2022

First: Board of directors' remuneration details:

Name	Fixed remunerations in BD					Variable remunerations in BD					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent, Non-Executive Directors:													
Abdul Rahman Mohamed Jamsheer	-	6,500	-	-	6,500	-	-	-	-	-	-	6,500	-
Abdulhussain Khalil Dewani	-	6,500	-	-	6,500	-	-	-	-	-	-	6,500	-
Yusuf Saleh Al-Saleh	-	7,000	-	-	7,000	-	-	-	-	-	-	7,000	-
Talal Mohamed Al Mannai	-	7,000	-	-	7,000	-	-	-	-	-	-	7,000	-
Jaffer Mohamed Ali AL Dhaif	-	7,500	-	-	7,500	-	-	-	-	-	-	7,500	-
Fouad Ibrahim Al Mutawa	-	7,500	-	-	7,500	-	-	-	-	-	-	7,500	-
Esam Abdulhameed Zainal	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
Second: Dependent, Non-Executive Directors:													
Abdulredha Mohamed Al Dailami	-	6,500	-	-	6,500	-	-	-	-	-	-	6,500	-
Abdulla Jasim Al Ahmed	-	5,000	-	-	5,000	-	-	-	-	-	-	5,000	-
Hasan Nabeel Al Mahroos	-	5,500	-	-	5,500	-	-	-	-	-	-	5,500	-
Third: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total in BD	-	67,000	-	-	67,000	-	-	-	-	-	-	67,000	-

Second: executive management's remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	230,220.000	-	-	230,220

Tel : +973 1753 0077
Fax: +973 1791 9091
www.bdo.bh

17th Floor
Diplomat Commercial Office Tower
PO Box 787
Manama
Kingdom of Bahrain

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

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Delmon Poultry Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition
Revenue reported in Note 23 represents sale of chicken, chicks, feed and other miscellaneous income. The Company focuses on revenue as key performance measure. By default, this area has a fraud risk element and therefore considered as a significant risk.

Our procedures included considering appropriateness of revenue recognition as per the Company policy including those relating to discounts and assessing compliance with the policies in terms of applicable accounting standards. We tested effectiveness of internal controls implemented by the Company on the revenue cycle. We assessed sales transactions taking place at either side of the statement of financial position date to assess whether the revenue was recognised in the correct period. We also performed analytical review on revenue based on trends in monthly sales and profit margins.

Valuation of the financial assets at fair value
The Company owns quoted and unquoted investments as disclosed in Notes 8 and 9 which form material balances in the financial statements of the Company and are subject to change in the fair value. This could have a significant impact on the Company's results if misstated.

Our audit procedures included testing of investments acquired and sold during the year on a sample basis, testing of ownership and classification, testing of fair value of the quoted investments with the listed prices in the relevant stock exchange, evaluating other valuation techniques used by the management for the determination of fair values of investments that are not quoted in active markets.

Other information
Management is responsible for the other information. The other information in the annual report comprise of Directors' report and Corporate governance report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

BDO

Tel : +973 1753 0077
Fax: +973 1791 9091
www.bdo.bh

17th Floor
Diplomat Commercial Office Tower
PO Box 787
Manama
Kingdom of Bahrain

Independent auditors' report to the shareholders of Delmon Poultry Company B.S.C. (continued)

Report on the audit of the financial statements (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged With Governance ("TCWG") for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those Charged With Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Tel : +973 1753 0077
Fax: +973 1791 9091
www.bdo.bh

17th Floor
Diplomat Commercial Office Tower
PO Box 787
Manama
Kingdom of Bahrain

Independent auditors' report to the shareholders of Delmon Poultry Company B.S.C. (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and TCWG regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

a) As required by the Bahrain Commercial Companies Law, we report that:

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

b) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:

1. a corporate governance officer; and
2. Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2022.

BDO

Manama, Kingdom of Bahrain
13 February 2023

BDO Public Accountants Reg. No. 151 Venkitachalam Viswanath

See Auditor's Report dated 13-02-2023
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

Delmon Poultry Company B.S.C.
Statement of financial position as at 31 December 2022
(Expressed in Bahrain Dinars)

	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,688,861	3,915,299
Investment in an associate	6	-	1,343,476
Right-of-use assets	7	565,033	596,545
Financial assets at fair value through other comprehensive income	8	3,149,453	3,076,441
Financial assets at fair value through profit or loss	9	710,463	722,118
Investments at amortised cost	10	250,000	250,000
		9,363,810	9,903,879
Current assets			
Inventories	11	2,972,473	2,158,910
Trade and other receivables	12	2,897,793	3,096,731
Cash and bank balances	13	1,284,813	1,124,427
		7,155,079	6,380,068
TOTAL ASSETS		16,518,889	16,283,947
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	3,120,928	3,120,928
Statutory reserve	15(i)	1,560,464	1,560,464
General reserve	15(ii)	3,993,000	3,993,000
Development and raw material reserve	15(iii)	1,000,000	1,000,000
Investment fair value reserve	15(iv)	2,432,071	2,326,594
Retained earnings	15(v)	2,159,991	2,288,326
Treasury shares	14	(122,398)	(122,398)
Total shareholders' equity		14,144,056	14,166,914
Non-current liabilities			
Non-current portion of lease liabilities	18	629,686	623,721
Non-current portion of deferred income	21	155,782	169,586
Employees' terminal benefits	16	47,266	39,934
		832,734	833,241
Current liabilities			
Short-term borrowings	17	500,702	168,045
Current portion of lease liabilities	18	13,654	27,812
Trade and other payables	19	1,013,937	1,074,129
Current portion of deferred income	21	13,806	13,806
		1,542,099	1,283,792
Total liabilities		2,374,833	2,117,033
TOTAL EQUITY AND LIABILITIES		16,518,889	16,283,947

These financial statements, were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Abdul Rahman Mohamed Jamsheer
Chairman

Abdulhussain Khalil Dewani
Vice chairman

Abdulhadi Mirza Jaffar
Chief Executive Officer

See Auditor's Report dated 13-02-2023
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

Delmon Poultry Company B.S.C.
Statement of profit or loss for the year ended 31 December 2022
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Sales	23	18,808,379	15,544,433
Cost of sales	24	(17,878,791)	(14,903,164)
Gross profit		929,588	641,269
Other income	22	218,163	329,163
Other operating expenses	25	(839,301)	(798,345)
Profit from operations		308,450	172,087
Investment income	26	193,839	163,636
Loss on disposal of associate company	6	(401,884)	-
Unrealised fair value gains on financial assets at fair value through profit or loss	9	20,918	78,795
Share of loss in an associate	6	(29,277)	(112,501)
Finance costs		(67,404)	(48,011)
Net profit for the year		24,642	254,006
Basic and diluted earnings per share	27	Fils 1	Fils 8

These financial statements, were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Abdul Rahman Mohamed Jamsheer
Chairman

Abdulhussain Khalil Dewani
Vice chairman

Abdulhadi Mirza Jaffar
Chief Executive Officer

See Auditor's Report dated 13-02-2023
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

Delmon Poultry Company B.S.C.
Statement of comprehensive income for the year ended 31 December 2022
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Net profit for the year		24,642	254,006
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Valuation gains on financial assets at fair value through other comprehensive income	8	75,032	221,042
Items that will or may be reclassified into profit or loss:			
Company's share in associate's other comprehensive income	6	267	13,887
Reversal of reserve on disposal of associate company	6	30,178	-
Total other comprehensive income for the year		105,477	234,929
Total comprehensive income for the year		130,119	488,935

These financial statements, were approved and authorised for issue by the Board of Directors and signed on its behalf by:

Abdul Rahman Mohamed Jamsheer	Abdulhussain Khalil Dewani	Abdulhadi Mirza Jaffar
Chairman	Vice chairman	Chief Executive Officer

Delmon Poultry Company B.S.C.
Statement of changes in shareholders' equity for the year ended 31 December 2022
(Expressed in Bahrain Dinars)

	Note	Share capital	Statutory reserve	General reserve	Development and raw material reserve	Investment fair value reserve	Retained earnings	Treasury shares	Total
At 31 December 2020		3,120,928	1,560,464	3,993,000	1,000,000	2,091,665	2,340,271	(122,398)	13,983,930
Net profit for the year		-	-	-	-	-	254,006	-	254,006
Other comprehensive income for the year		-	-	-	-	234,929	-	-	234,929
Dividend distributed for 2020	28	-	-	-	-	-	(305,951)	-	(305,951)
At 31 December 2021		3,120,928	1,560,464	3,993,000	1,000,000	2,326,594	2,288,326	(122,398)	14,166,914
Net profit for the year		-	-	-	-	-	24,642	-	24,642
Other comprehensive income for the year		-	-	-	-	105,477	-	-	105,477
Dividend distributed for 2021	28	-	-	-	-	-	(152,977)	-	(152,977)
At 31 December 2022		3,120,928	1,560,464	3,993,000	1,000,000	2,432,071	2,159,991	(122,398)	14,144,056

Delmon Poultry Company B.S.C.
Statement of cash flows for the year ended 31 December 2022
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Operating activities			
Net profit for the year		24,642	254,006
Adjustments for:			
Depreciation	5	406,771	449,171
Amortisation of right-of-use assets	7	31,512	26,780
Finance costs		67,404	48,011
Gain on sale of property, plant and equipment		-	(38)
Gain on disposal of financial assets at fair value through other comprehensive income		(982)	-
Unrealised fair value gains on financial assets at fair value through profit or loss	9	(20,918)	(78,795)
Loss on disposal of associate	6	401,884	-
Unrealised foreign exchange loss/(gain)	9	32,573	(20,601)
Share of loss in an associate	6	29,277	112,501
Interest income	26	(54,994)	(61,882)
Dividends income	26	(138,845)	(101,754)
Changes in operating assets and liabilities:			
Inventories		(813,563)	(116,253)
Trade and other receivables		198,938	(955,637)
Trade and other payables		(60,192)	271,982
Employees' terminal benefits, net		7,332	2,153
Net cash provided by/(used in) operating activities		110,839	(170,356)
Investing activities			
Purchase of property, plant and equipment	5	(1,180,333)	(1,410,429)
Proceeds from sale of property, plant and equipment		-	38
Proceed from matured investments at amortised cost		-	250,000
Proceeds from disposal of financial assets at fair value through other comprehensive income		3,002	2,243
Proceeds from disposal of associate company		942,760	-
Interest income received	26	54,994	61,882
Dividends income received	26	138,845	101,754
Net cash used in investing activities		(40,732)	(994,512)
Financing activities			
Principal repayment on lease liabilities		(8,193)	(11,006)
Net movement in deferred income		(13,804)	(24,112)
Net movement in short-term borrowings		332,657	(119,532)
Finance costs paid		(67,404)	(48,011)
Dividends paid		(152,977)	(306,478)
Net cash provided by/(used in) financing activities		90,279	(509,139)
Net increase/(decrease) in cash and bank balances		160,386	(1,674,007)
Cash and bank balances, beginning of the year		1,124,427	2,798,434
Cash and bank balances, end of the year	13	1,284,813	1,124,427

1 Organisation and activities

Delmon Poultry Company B.S.C. ("the Company") is a public shareholding company registered with the Ministry of Commerce and Industry 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 of fresh and frozen chicken;
- Feed factories;
- Integrated project for broiler meat;
- Wholesale and retail distribution networks affording easy accessibility for consumers; and
- Participate in incorporation of companies operate 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:

Name	Commercial registration number	Status
Delmon Poultry Company	10700-1	Active
Delmon Poultry Company	10700-2	Active
Delmon Poultry Company	10700-3	Active

The financial information, set out on pages 10 to 48 was approved and authorised for issue by the Board of Directors and signed on 13 February 2023.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of presentation

The financial statements have been prepared using going concern assumption under the historical cost convention, except for financial assets at fair value which are carried at their fair values and investment in associate which is equity accounted.

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

2 Basis of preparation (continued)

Functional and presentation currency

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

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 issued and effective in 2022 but not relevant

The following new amendments to existing standards and interpretations to published standards are mandatory for accounting period beginning on or after 1 January 2022 or subsequent periods, but are not relevant to the Company's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 16	Property, plant and equipment	1 January 2022
IAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
IAS 41	Agriculture	1 January 2022
IFRS 1	First-time adoption of international financial reporting standards	1 January 2022
IFRS 3	Business combinations	1 January 2022
IFRS 9	Financial instruments	1 January 2022
IFRS 16	Leases	1 January 2022

Standards, amendments and interpretation issued but not yet effective in 2022

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2022. They have not been adopted in preparing the condensed interim financial information for the year ended 31 December 2022 and will or may have an effect on the company's future financial statements. In all cases, the Company intends to apply these standards from application date as indicated in the table below:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements	1 January 2023
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2023
IAS 12	Income taxes	1 January 2023
IAS 1	Presentation of financial statements	1 January 2024
IAS 1	Presentation of financial statements	1 January 2024
IFRS 16	Leases	1 January 2024
IFRS 17	Insurance contracts	1 January 2023

2 Basis of preparation (continued)

Early adoption of amendments or standards in 2022

The Company did not early-adopt any new or amended standards in 2022. There would have been no change in the financial position and operational results of the Company for the year ended 31 December 2022 had the Company early adopted the above standard.

3 Significant accounting policies

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

Property, plant and equipment

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

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

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

Building (on leased land)	3-35 years
Plant and machinery	5-25 years
Furniture, vehicles, tools, IT and software	2-5 years

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

The carrying values of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the property and equipment are written-down to their recoverable amounts.

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

Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Company obtains substantially all the economic benefits from use of the asset; and
(c) The Company has the right to direct use of the asset.

3 Significant accounting policies (continued)

Leases (continued)

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

3 Significant accounting policies (continued)

Leases (continued)

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Based on the exemptions available in IFRS 16, low value and short-term leases are not capitalised in the statement of financial position. All payments made towards such leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

Investment in an associate

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Company's share of post-acquisition profits and losses and other comprehensive income is recognised in the statement of profit and loss and statement of comprehensive income respectively (except for losses in excess of the Company's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Company and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3 Significant accounting policies (continued)

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the cash flow characteristics and business model these assets are held under. The Company's accounting policy for each category is as follows:

a. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

The Company has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

b. Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss are recognised at their fair values. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss in the period in which they arise. The Company generally deals in managed funds which are categorised as fair value through profit or loss.

c. Financial assets carried at amortised cost

Financial assets carried at amortised cost are initially recognised at cost and subsequently re-measured using effective interest rate method. Categories of financial assets measured at amortised cost are given below:

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.

3 Significant accounting policies (continued)

Financial assets (continued)

c. Financial assets carried at amortised cost (continued)

Trade and other receivables

Trade and other receivables are carried at their anticipated realisable values. An estimate is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Bad debts are written-off during the year in which they are identified. Impairment provision is recognised based on expected losses over the entire life of the trade and other receivables unless these are collectable over more than 12 months, in which case impairment losses are recognised on three stage expected credit losses model developed internally by the Company.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash on hand, short term deposits and bank balances net of bank overdrafts.

Short term deposits consists of deposits held with Company's bankers with maturities of 3 months or less and are carried at their anticipated realisable values.

Financial liabilities

The financial liabilities of the Company consist of trade and other payables (excluding employee benefits). These financial liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost using the effective interest method.

a) Trade and other payables

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

b) Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, these are stated at amortised cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

Provisions

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

Inventories

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

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

3 Significant accounting policies (continued)

Share capital

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

Treasury shares

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

Deferred revenue

Government grants to purchase property, plant and equipment are recognised as deferred income until the conditions of the grant have been met. Upon meeting the conditions, the grant is transferred to other income or netted against property, plant and equipment.

Employees' benefits

Short-term benefits

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

Post employment benefits

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

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

Revenue recognition

Sale of goods

Sale represents sale of chicken, chicks, feed and other miscellaneous income. 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.

Determining the transaction price

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.

3 Significant accounting policies (continued)

Revenue recognition (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).

Other income

Dividend income from investments is recognised when declared. Bank interests and other income are recognised on accrual basis.

Other revenues earned by the Company are recognised on the accruals basis or when the Company's right to receive payment is established.

Other operating expenses

Overhead expenses are allocated to chickens, feeds and chicks cost center on a pro rata basis.

Proposed appropriations

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Board members' remuneration

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

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

4 Critical accounting judgment and key source of estimation uncertainty

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

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

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

- economic useful lives of property, plant and equipment;
- economic life of right of use assets;
- determination of lease term and borrowing rates for leases;
- classification of investments;
- fair valuation of investments;
- Impairment of assets;
- fair value measurement;
- going concern;
- Revenue recognition; and
- contingencies.

Economic useful lives of property, plant and equipment

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

Economic life of right-of-use assets

Right-of-use assets are amortised over their economic 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 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.

Determination of lease term and the borrowing rates for leases

The management of the Company exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement as well as during the lease term. The carrying value of lease liabilities are revised based on certain the variable elements of the future lease payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of lease liabilities and the discount rates used to determine the carrying value of right-of-use of lease rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the lease assets and liabilities.

Classification of investments

In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at financial asset at fair value through profit or loss, financial asset at fair value through other comprehensive income or financial asset at amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

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

Fair valuation of investments

The Company determines fair values of investments that are not quoted in active markets by using valuation techniques such as discounted cash flows and recent transaction prices. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision.

There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments.

In case where discounted cash flow models have been used to estimate fair values, the future cash flows have been estimated by the management based on information from and discussions with representatives of the management of the investee companies, and based on the latest available audited and un-audited financial statements.

Impairment of assets

(a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its trade receivables and debt instruments carried at amortised cost, FVTPL and FVTOCI. 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.

The Company creates provision for impaired trade and other receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2021, in the opinion of the management, a provision of BD72,481 (2021: BD62,848) is required for impaired trade receivables and provision of BD65,000 (2021:BD15,528) is required for impaired other receivables. When evaluating the adequacy of the provision for impaired trade receivables, management bases its estimate on current overall economic conditions, ageing of the trade receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade receivables recorded in the financial statements.

(b) Other non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset that generates cash flows that largely are independent from other assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

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

Impairment of assets (continued)

(b) Other non-financial assets (continued)

The Company creates provision for obsolete and slow-moving inventories. At 31 December 2022, in the opinion of the Company's management, no provision was required for obsolete and slow-moving inventories (2021: BDNil). When evaluating the adequacy of an allowance for obsolete and slow-moving inventories, management bases its estimate on current overall economic conditions, ageing of the inventories, historical write-off experience, and non-movements in inventories. Changes in the economy, industry or specific inventory conditions may require adjustments to the allowance for obsolete and slow-moving inventories recorded in the financial statements.

Fair value measurement

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

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

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

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

The financial and non-financial assets and liabilities of the Company that either require fair value measurements or only fair value disclosures as at 31 December 2022 is shown in Note 31.

Going concern

The management of the Company reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the shareholders of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

Revenue recognition

The Company exercises judgment in determining whether a revenue transaction is recognised at a point in time or over time taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Contingencies

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

5 Property, plant and equipment

	Buildings	Plant and machinery	Furniture, vehicles, tools, IT and Software	Capital working-in progress	Total
Cost					
At 31 December 2020	4,057,248	6,515,531	2,954,405	-	13,527,184
Reclassification from advance to suppliers	-	-	-	149,080	149,080
Additions	25,494	-	88,886	1,296,049	1,410,429
Disposals	-	-	(1,458)	-	(1,458)
At 31 December 2021	4,082,742	6,515,531	3,041,833	1,445,129	15,085,235
Reclassification from capital-work in progress	560,005	85,883	89,843	(735,731)	-
Additions	-	76,729	57,101	1,046,503	1,180,333
At 31 December 2022	4,642,747	6,678,143	3,188,777	1,755,901	16,265,568
Accumulated depreciation					
At 31 December 2020	3,631,905	4,733,370	2,356,948	-	10,722,223
Charge for the year	37,202	193,066	218,903	-	449,171
On disposals	-	-	(1,458)	-	(1,458)
At 31 December 2021	3,669,107	4,926,436	2,574,393	-	11,169,936
Charge for the year	37,556	200,185	169,030	-	406,771
At 31 December 2022	3,706,663	5,126,621	2,743,423	-	11,576,707
Net book value					
At 31 December 2022	936,084	1,551,522	445,354	1,755,901	4,688,861
At 31 December 2021	413,635	1,589,095	467,440	1,445,129	3,915,299

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

	Year ended 31 December 2022	Year ended 31 December 2021
Cost of sales (Note 24)	365,674	378,152
Other operating expenses (Note 25)	41,097	71,019
	406,771	449,171

The reclaimed land at Mina Salman on which the feedmill is built, the land at Hamala on which the administration and the slaughter house were built, and the land at Buhair on which chicks hatchery is built are all leased by the Company.

Capital work-in-progress represent the amounts incurred towards the development of several projects in the chicken processing plant and other Company's assets and the main projects are expected to be completed during 2023.

6 Investment in an associate

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

Name of associate company	Country of incorporation	Principal activities	Effective ownership interest 2022	Effective ownership interest 2021
Bahrain Livestock Company B.S.C. (c)	Kingdom of Bahrain	Import, export and sale of livestock	0.00%	36.26%

	Carrying amount	Goodwill	31 December 2022	31 December 2021
Opening balance	1,282,392	61,084	1,343,476	1,442,090
Company's share in loss for the year	(29,277)	-	(29,277)	(112,501)
Company's share of the associate's net change in fair value of the investments and other reserves	267	-	267	13,887
Reversal of reserve on disposal of associate company	30,178	-	30,178	-
Disposals during the year	(1,283,560)	(61,084)	(1,344,644)	-
Closing balance	-	-	-	1,343,476

Summary of financial information of associate	31 December 2022	31 December 2021
Current assets	-	3,415,612
Non-current assets	-	770,443
Total assets	-	4,186,055
Current liabilities	-	649,398
Total liabilities	-	649,398
Net assets	-	3,536,657
Company share of net assets (36.26%)	-	1,282,392
Revenue	1,052,942	4,970,375
Expenses	(1,104,750)	(5,234,504)
Net loss	(51,808)	(264,129)
Company's share of net loss for the year	(29,277)	(112,501)
Other comprehensive income	736	38,299
Company's share of other comprehensive income	267	13,887

The Company owns 0% (2021: 36.26%) share in Bahrain Livestock Company B.S.C. (c). The results and statement of financial position accounted for in these financial statements are based on unaudited financial statements of the associate up to the period of the disposal during 2022 (2021: unaudited financial statements of the associate for the year ended 31 December 2021) , being the latest available information.

6 Investment in an associate (continued)

During the year, the Company has disposed all its investment in associate to a related party and the summary of the transaction is as follows:

	31 December 2022	31 December 2021
Proceeds from disposal	942,760	-
Less: carrying amount of the investment	(1,344,644)	-
Loss on disposal	(401,884)	-

7 Right-of-use assets

	Lands	Total
Cost		
At 31 December 2020	605,484	605,484
Additions during the year	71,361	71,361
At 31 December 2021 and 2022	676,845	676,845
Accumulated amortisation		
At 31 December 2020	53,520	53,520
Charge for the year	26,780	26,780
At 31 December 2021	80,300	80,300
Charge for the year	31,512	31,512
At 31 December 2022	111,812	111,812
Net book value		
At 31 December 2022	565,033	565,033
At 31 December 2021	596,545	596,545

8 Financial assets at fair value through other comprehensive income

	31 December 2022	31 December 2021
Opening	3,076,441	2,857,642
Change in fair value recognised in other comprehensive income	75,032	221,042
Disposals during the year	(2,020)	(2,243)
Closing balance	3,149,453	3,076,441

Analysis of investments	31 December 2022	31 December 2021
Quoted equity securities	3,078,708	3,066,449
Unquoted equity securities	70,745	9,992
	3,149,453	3,076,441

8 Financial assets at fair value through other comprehensive income (continued)

The investments are denominated in the following currencies:

Currency (Equivalent in Bahrain Dinars)	31 December 2022	31 December 2021
Bahrain Dinars	1,751,556	1,862,601
United States Dollars	1,397,855	1,213,371
UAE Dirhams	42	469
	3,149,453	3,076,441

Financial assets measured at fair value through other comprehensive income include the Company's strategic equity investments that are not held for trading. The Company has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for these strategic investments.

The fair value of quoted investments is based on published market prices. The fair value of the unquoted investments in the opinion of management is equal to its cost as due to the wide range of possible fair value measurement and cost represents the best estimate of fair value within that range.

9 Financial assets at fair value through profit or loss

	31 December 2022	31 December 2021
Opening balance	722,118	622,722
Unrealised foreign exchange (loss)/gain	(32,573)	20,601
Unrealised fair value gains for the year	20,918	78,795
Closing balance	710,463	722,118

The financial assets at fair value through profit or loss represents managed funds and denominated in the following currencies:

Currency (Equivalent in Bahrain Dinars)	31 December 2022	31 December 2021
United States Dollars	427,409	426,868
Great British Pounds	283,054	295,250
	710,463	722,118

The fair value of this managed funds is based on the fund managers valuation received as at 31 December 2022 and 31 December 2021.

10 Investments at amortised cost

	31 December 2022	31 December 2021
Opening balance	250,000	500,000
Matured during the year	-	(250,000)
Closing balance	250,000	250,000

10 Investments at amortised cost (continued)

Analysis of investments	31 December 2022	31 December 2021
Islamic leasing sukuk Kingdom of Bahrain	250,000	250,000

Investments at amortised cost represent Government of Kingdom of Bahrain bonds carrying coupon interest of 5.5% (2021: 5.5%) per annum and having maturity period of 3 years (2021: 4 years).

Investments at amortised cost are denominated in Bahrain Dinars.

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.

11 Inventories

	31 December 2022	31 December 2021
Finished goods		
- Feed	66,243	56,697
- Frozen/chilled chicken	39,466	30,334
Hatching eggs - hatchery	185,186	149,114
Raw material and packing materials	1,729,597	983,210
Spare parts for plant and machinery	951,981	939,555
	2,972,473	2,158,910

12 Trade and other receivables

	31 December 2022	31 December 2021
Gross receivables	2,243,580	2,123,949
Less: provision for impairment	(72,481)	(62,848)
	2,171,099	2,061,101
Advances to suppliers	340,791	819,463
Other receivables	450,903	231,695
Less: impairment provision on other receivables	(65,000)	(15,528)
	2,897,793	3,096,731

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

The movement in the provision for impaired trade receivables is as follows:

	31 December 2022	31 December 2021
Opening balance	62,848	59,312
Provision during the year	9,633	3,536
Closing balance	72,481	62,848

12 Trade and other receivables (continued)

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over a year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

On that basis, the allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables:

31 December 2022	0-30 days overdue	30-60 days overdue	60-90 days overdue	90+ days overdue	Total
Expected loss rate	0.25%	0.25%	0.25%	16.69%	
Trade receivables	979,375	46,121	86,445	417,923	1,529,864
Government and farmers*	-	-	-	-	713,716
Loss allowance	2,400	113	212	69,756	72,481

31 December 2021	0-30 days Overdue	30-60 days overdue	60-90 days overdue	90+ days overdue	Total
Expected loss rate	0.15%	0.15%	0.15%	13.86%	
Trade receivables	898,858	43,118	12,112	443,284	1,397,372
Government and farmers*	-	-	-	-	726,577
Loss allowance	1,335	64	18	61,431	62,848

*Government and farmer debtors excluded from the calculation:
- Farmers: The Company has receivables from as well as payables to the farmer and as at the year end the Company had a net payable to the farmers.
- Government organisations: The Company had receivables with the government entities and likelihood of sovereign government default is remote unless there is a bill dispute raised by them. Receivables from government are also subject to the impairment requirements of IFRS 9 however, the identified impairment loss was immaterial.

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

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

13 Cash and bank balances

	31 December 2022	31 December 2021
Short-term deposits	610,909	1,000,000
Account balances with banks	579,092	45,343
Cash on hand	94,812	79,084
	1,284,813	1,124,427

Short-term deposits held with the Company's bankers earn average rate of return of 5.5% (2021:0.7%) per annum, are denominated in Bahrain Dinars and have maturities within 3 months.

The current account balances with banks are non-interest bearing. Saving accounts balances earns market interest rates.

14 Share capital

	31 December 2022	31 December 2021
Authorised		
100,000,000 ordinary shares of 100 fils each (2021: 100,000,000 ordinary shares of 100 fils each)	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
31,209,277 ordinary shares of 100 fils each (2021: 31,209,277 ordinary shares of 100 fils each)	3,120,928	3,120,928
Treasury shares:		
613,933 treasury shares (2021: 613,933 shares)	122,398	122,398

Additional information on shareholding pattern

i) The names and nationalities of the major shareholders holding 5% or more of the issued shares as at 31 December 2022 and 31 December 2021 are as follows:

2022	Nationality	Number of shares	Percentage of shareholding interest
Social Insurance Organization	Bahraini	6,002,032	19.23%
Bahrain Investment Holding Co B.S.C. (c)	Bahraini	4,681,383	15.00%
Trafco Group B.S.C.	Bahraini	3,159,366	10.12%
Abdulhameed Zainal Mohammed	Bahraini	2,381,462	7.63%

2021	Nationality	Number of shares	Percentage of shareholding interest
Social Insurance Organization	Bahraini	6,002,032	19.23%
Bahrain Investment Holding Co B.S.C. (c)	Bahraini	4,681,383	15.00%
Trafco Group B.S.C.	Bahraini	3,159,366	10.12%
Abdulhameed Zainal Mohammed	Bahraini	2,336,031	7.49%

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

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

2022	Number of shareholders	Number of shares	Percentage of total outstanding shares *
Less than 1%	1,485	8,907,946	28.54%
Between 1% and 5%	11	6,077,088	19.47%
Between 5% and 10%	1	2,381,462	7.63%
Between 10% and 20%	3	13,842,781	44.36%
	1,500	31,209,277	100%

14 Share capital (continued)

Additional information on shareholding pattern (continued)

2021	Number of shareholders	Number of shares	Percentage of total outstanding shares *
Less than 1%	1,474	8,958,576	28.70%
Between 1% and 5%	11	6,071,889	19.45%
Between 5% and 10%	1	2,336,031	7.49%
Between 10% and 20%	3	13,842,781	44.36%
	1,489	31,209,277	100%

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

31) Details of the directors' interests in the Company's shares as at 31 December 2022 and 31 December 2021 are as follows:

	2022 Number of shares	2021 Number of shares
Abdul Rahman Mohamed Jamsheer*(Chairman)*	157,878	157,878
Abdulhussain Khalil Dewani *(Vice Chairman)*	420,420	420,420
Yousuf Saleh Al Saleh	319,200	319,200
Abdulredha Mohamed Al Daylami	21,000	21,000
Talal Mohamed Abdulla Al Mannai	262,500	262,500
Esaam Abdul Hameed Zainal	52,500	52,500
Jaffar Mohamed Ali Al Dhaif	40,000	40,000
	1,273,498	1,273,498

15 Reserves

(i) Statutory reserve
In accordance with the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. As this requirement has been met, no amount has been transferred to the statutory reserve for the year ended 31 December 2022 (2021: BDNil).

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

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

(iv) Investment fair value reserve
The fair value reserve includes the gains and losses arising from changes in fair value of financial asset at fair value through other comprehensive income and is 34nrealized in the statement of comprehensive income. During the year, the 34nrealized fair value gain amounting to BD105,477 (2021: fair value gain of BD234,929) has been transferred to the investment fair value reserve.

(v) Retained earnings
The retained earnings represent the remaining surplus in the equity which available for distribution to the shareholders.

16 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2022 amounted to BD191,323 (2021: BD177,042).

Expatriate employees

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

	31 December 2022	31 December 2021
Opening balance	39,934	37,781
Provision for the year	10,580	5,651
Payment during the year	(3,248)	(3,498)
Closing balance	47,266	39,934
The number of staff employed by the Company	217	218

17 Short-term borrowings

	31 December 2022	31 December 2021
Short-term borrowings	500,702	168,045

Short-term loans represent amounts obtained from the Company's bankers to finance the import purchases of the Company. These loans bear interest at the rate of BIBOR%+3.25% (2021:3.5) per annum, are pledged over a current account (Note 13) of the Company.

18 Lease liabilities

	31 December 2022	31 December 2021
Opening balance	651,533	591,178
Additions during the year	-	71,361
Interest expense	21,516	22,952
Lease payments	(29,709)	(33,958)
Closing balance	643,340	651,533
Less: current portion of lease liabilities	(13,654)	(27,812)
Non-current portion of lease liabilities	629,686	623,721

Maturity analysis - contractual undiscounted cash flows:

	31 December 2022	31 December 2021
One year or less	34,709	34,709
More than one year and less than five years	156,330	192,089
Above five years	688,745	682,695
Total undiscounted lease liabilities	879,784	909,493

19 Trade and other payables

	31 December 2022	31 December 2021
Trade payables	793,936	656,847
Provision for board remuneration	-	9,395
Provision for staff related costs	123,349	120,150
Miscellaneous payables	96,652	287,737
	1,013,937	1,074,129

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

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

20 Bank overdrafts

	31 December 2022	31 December 2021
Bank overdrafts	-	-
Bank overdraft limit	100,000	100,000

The Company has bank overdraft facilities to finance the working capital requirements of the Company, which bear an effective interest rate of BIBOR%+3.5% per annum and with no fixed repayment terms.

21 Deferred income

	31 December 2022	31 December 2021
Deferred income	169,588	183,392
Less: current portion of deferred income	(13,806)	(13,806)
Non-current portion of deferred income	155,782	169,586

Deferred income relates to a grant received from Tamkeen amounting to BD69,352 in 2018 and 171,757 in 2019 and recognised as other income over the estimated useful life of the related assets being 10 years. That portion of deferred income which is to be amortised within one year from the date of financial statement is classified as current portion of deferred income.

22 Other income

	Year ended 31 December 2022	Year ended 31 December 2021
Government grants received as COVID-19 relief	-	227,787
Gain on sale of property, plant and equipment	-	38
Tamkeen support for wages subsidies	31,951	779
Tamkeen support for purchase of machinery	13,804	24,112
Other sales	54	4,594
Accrued expense written back during the year	95,452	-
Miscellaneous income	76,902	71,853
	218,163	329,163

23 Segmental information

The Company has four main business segments: Chicken, Feed, Chicks and investments and operates in Bahrain only. Accordingly, no geographical segmental information is presented.

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

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

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

2022	Chicken	Feed	Chicks	Investments	Unallocated	Total
Sales	10,819,588	6,016,256	1,972,535	-	-	18,808,379
Cost of sales	(9,393,518)	(6,660,185)	(1,825,088)	-	-	(17,878,791)
Gross profit/(loss)	1,426,070	(643,929)	147,447	-	-	929,588
Other income	81,127	16,897	34,214	-	85,925	218,163
Other operating expenses	(440,744)	(312,874)	(85,683)	-	-	(839,301)
Profit /(loss) from operation	1,066,453	(939,906)	95,978	-	85,925	308,450
Investments income	-	-	-	193,839	-	193,839
Share of loss in an associate	-	-	-	(29,277)	-	(29,277)
Loss on disposal of associate Company	-	-	-	(401,884)	-	(401,884)
Finance costs	(6,048)	(11,724)	(2,232)	-	(47,400)	(67,404)
Unrealised fair value gains on financial assets at fair value through profit or loss	-	-	-	20,918	-	20,918
Profit/(loss) for the year	1,060,405	(951,630)	93,746	(216,404)	38,525	24,642
Total assets	4,103,182	4,050,930	1,515,689	4,109,917	2,739,171	16,518,889
Total liabilities	558,961	812,105	206,925	-	796,842	2,374,833

23 Segmental information (continued)

2021	Chicken	Feed	Chicks	Investments	Unallocated	Total
Sales	9,128,435	4,498,315	1,917,683	-	-	15,544,433
Cost of sales	(8,327,711)	(4,985,759)	(1,589,694)	-	-	(14,903,164)
Gross profit/(loss)	800,724	(487,444)	327,989	-	-	641,269
Other income	54,910	240	18,555	-	255,458	329,163
Other operating expenses	(460,004)	(255,832)	(82,509)	-	-	(798,345)
Profit /(loss) from operation	395,630	(743,036)	264,035	-	255,458	172,087
Investments income	-	-	-	163,636	-	163,636
Share of loss in an associate	-	-	-	(112,501)	-	(112,501)
Finance costs	(6,280)	(13,538)	(1,564)	-	(26,629)	(48,011)
Unrealised fair value gains on financial assets at fair value through profit or loss	-	-	-	78,795	-	78,795
Profit/(loss) for the year	389,350	(756,574)	262,471	129,930	228,829	254,006
Total assets	4,325,353	3,485,098	871,791	5,396,045	2,205,660	16,283,947
Total liabilities	633,800	413,507	179,989	-	889,737	2,117,033

24 Cost of sales

	Chicken	Feed	Chicks	Year ended 31 December 2022	Year ended 31 December 2021
Raw materials costs	7,277,935	6,154,189	1,583,793	15,015,917	12,067,187
Staff costs	1,137,111	168,158	151,877	1,457,146	1,416,178
Depreciation (Note 5)	264,522	87,163	13,989	365,674	378,152
Other costs	713,950	250,675	75,429	1,040,054	1,041,647
	9,393,518	6,660,185	1,825,088	17,878,791	14,903,164

25 Other operating expenses

	Year ended 31 December 2022	Year ended 31 December 2021
Staff costs	475,558	468,252
Depreciation (Note 5)	41,097	71,019
Board of directors and executive committee remuneration and fees	67,000	71,895
Professional fees	13,400	14,313
Others expenses	242,246	172,866
	839,301	798,345

26 Investment income

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income	54,994	61,882
Dividend income	138,845	101,754
	193,839	163,636

27 Earnings per share

	31 December 2022	31 December 2021
Net profit for the year	24,642	254,006
Weighted average number of shares outstanding	30,595,344	30,595,344
Earnings per share (fils)	Fils 1	Fils 8

The earnings per share has been computed on the basis of net profit for the year ended 31 December 2022 divided by the weighted average number of shares outstanding for the year total of 31,209,277 net of 613,933 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.

28 Directors' remuneration and Dividends

Directors' remuneration

Accrued and expensed

The Company has accrued and expensed Directors' remuneration of BDNil for the year ended 31 December 2022 (2021: BD9,395). Directors' remuneration is expensed in the statement of profit or loss to the year which it pertains.

Proposed by the Board of Directors

The Company has proposed directors' remuneration to be paid to the Board of Directors of the Company for the year ended 31 December 2022 amounting to BDNil (2021: BD9,395) This is subject to the approval of shareholders in the Annual General Meeting.

Dividends

Declared and paid

The Annual General Meeting of shareholders held on 22 March 2022 has approved cash dividends of BD152,977 for the year ended 31 December 2021 at 5 fils per share representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2021 (2020:BD305,951).

28 Directors' remuneration and Dividends (continued)

Dividends (continued)

Proposed by the Board of Directors

The Board of Directors of the Company have proposed to pay cash dividends to the shareholders of the Company for the year ended 31 December 2022 amounting to BD152,977 at 5 fils per share representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2022 (2021: BD152,977 at 5 fils per share representing 5% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2021). The proposed dividend only becomes payable once it has been approved by the shareholders in the Annual General Meeting and, accordingly, the proposed dividend has not been accounted for in these financial statements.

29 Transactions and balances with related parties

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

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

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

	31 December 2022					31 December 2021			
	Receivables	Payables	Other (*)	Sales	Purchases	Receivables	Payables	Sales	Purchases
Major shareholders	205,942	-	942,760	2,127,841	-	227,771	-	884,337	-
Entities controlled by directors	998	(9,186)	-	544,534	654,932	1,329	(42,383)	445,504	565,431
	206,940	(9,186)	942,760	2,672,375	654,932	229,100	(42,383)	1,329,841	565,431

(*) During the year, the Company has disposed all its investment in Bahrain Livestock Company B.S.C. (c) to a related party for proceeds of BD942,760.

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 Board of Directors and key management personnel compensation is as follows:

Board of Directors	Year ended 31 December 2022	Year ended 31 December 2021
Board of directors' remuneration	-	9,395
Board of directors' attendance fees	67,000	62,500
	67,000	71,895

key management personnel compensation	Year ended 31 December 2022	Year ended 31 December 2021
Salary and other short-term benefits	230,220	241,802

30 Contingent liabilities

	31 December 2022	31 December 2021
Outstanding letters of credit and guarantees in the ordinary course of business	609,583	150,897

31 Financial assets and liabilities and risk management

Financial assets and financial liabilities. Financial assets of the Company include cash and bank balances, trade and other receivable, investments at amortised cost and financial assets at fair value. Financial liabilities of the Company include trade payables, short-term borrowings and certain other current liabilities.

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

- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Investments at amortised cost
- Cash and bank balances
- Trade and other receivables
- Short-term borrowings
- Trade and other payables

A summary of the financial instruments held by category is provided below as at 31 December 2022 and 31 December 2021:

2022	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Other amortised cost	Total carrying amount	Fair value
Financial assets:						
Cash and bank balances	-	-	1,284,813	-	1,284,813	1,284,813
Trade and other receivables excluding prepayments	-	-	2,557,002	-	2,557,002	2,557,002
Financial assets at fair value through other comprehensive income	3,149,453	-	-	-	3,149,453	3,149,453
Financial assets at fair value through profit or loss	-	710,463	-	-	710,463	710,463
Investment at amortised cost	-	-	250,000	-	250,000	250,000
	3,149,453	710,463	4,091,815	-	7,951,731	7,951,731
Financial liabilities:						
Short-term borrowings	-	-	-	500,702	500,702	500,702
Trade and other payables	-	-	-	1,013,937	1,013,937	1,013,937
	-	-	-	1,514,639	1,514,639	1,514,639

31 Financial assets and liabilities and risk management (continued)

2021	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Other amortised cost	Total carrying amount	Fair value
Financial assets:						
Cash and bank balances	-	-	1,124,427	-	1,124,427	1,124,427
Trade and other receivables excluding prepayments	-	-	2,277,268	-	2,277,268	2,277,268
Financial assets at fair value through other comprehensive income	3,076,441	-	-	-	3,076,441	3,076,441
Financial assets at fair value through profit or loss	-	722,118	-	-	722,118	722,118
Investment at amortised cost	-	-	250,000	-	250,000	250,000
	3,076,441	722,118	3,651,695	-	7,450,254	7,450,254
Financial liabilities:						
Short-term borrowings	-	-	-	168,045	168,045	168,045
Trade and other payables	-	-	-	1,074,129	1,074,129	1,074,129
	-	-	-	1,242,174	1,242,174	1,242,174

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

- credit risk
- liquidity risk
- market risk
- interest rate risk
- foreign exchange risk

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

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

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

31 Financial assets and liabilities and risk management (continued)

Credit risk

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

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

About 32% (2021:36%) of the sales are received in cash and the balance being made through credit. The Company manages its credit risk on accounts receivables by restricting its credit sales only to approved list endorsed by the General Manager and ensuring that the sales to related parties are as per the internal policies established for transactions with the related parties. Since all of sales of the Company are within Bahrain there is no significant geographical or customer type concentration of credit risk involved in accounts receivable balances. The Company perceives that the account receivable balances are of good credit quality as these are primarily receivable from: a) vendors where the Company has net payable balances, b) customers with good credit standing, and c) related parties with good financial position.

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

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

Exposure to credit risk

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

	31December 2022	31 December 2021
Cash and bank balances	1,284,813	1,124,427
Trades and other receivables, net of prepayments	2,557,002	2,277,268
Financial assets at fair value through other comprehensive income	3,149,453	3,076,441
Financial assets at fair value through profit or loss	710,463	722,118
Investment at amortised cost	250,000	250,000
	7,951,731	7,450,254

31 Financial assets and liabilities and risk management (continued)

Liquidity risk

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

Market risk

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

Geographical concentration of investments

	31 December 2022	31 December 2021
Kingdom of Bahrain	3,720,036	4,990,917
Other countries	389,880	401,118
	4,109,916	5,392,035

Investment fair value sensitivity analysis is as follows:

Description	Change	Impact on equity
Financial assets at fair value	+/-5%	192,996
Financial assets at fair value	+/-10%	385,992

Other market price risk

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

32 Financial assets and liabilities and risk management (continued)

Interest rate risk

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

The Company's interest rate risk is limited to its interest-bearing short-term borrowings and investment in debt instruments. The Company's short-term borrowing at fixed interest rates and due on short term period. The Company's investment in debt instruments is at variable interest rates.

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

	31 December 2022	31 December 2021
Investments at amortised cost	250,000	250,000

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

Foreign exchange risk

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

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

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

Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2022 and 2021.

31 Financial assets and liabilities and risk management (continued)

Capital management (continued)

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt are short-term borrowings, trade and other payables and lease liabilities less cash and bank balances. Capital includes share capital and reserves attributable to the shareholders of the Company.

	31 December 2022	31 December 2021
Short-term borrowings	500,702	168,045
Trade and other payables	1,013,937	1,074,129
Lease liabilities	643,340	651,533
Less: cash and bank balances	(1,284,813)	(1,124,427)
Net debt	873,166	769,280
Total capital	14,144,056	14,166,914
Total capital and net debt	15,017,222	14,936,194
Gearing ratio	5.81%	5.15%

Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments not measured at fair value on recurring basis include trade and other receivables excluding prepayments, cash and bank balances, short-term borrowings and trade and other payables. In the opinion of the management, due to the short-term nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2022 and 2021.

31 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

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

	Fair value	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Financial assets					
Quoted investments	3,078,708 (2021: 3,066,449)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted investments and managed funds	781,208 (2021: 732,110)	L3	Net assets valuation and financial updates received from the respective companies and the fund managers	Expected exit rates, expected future cash flows, net assets and expected profits based taking into account management knowledge and experience of market conditions similar to industry trends.	The higher the future cash flows or profits the higher the fair value of net assets and eventually higher exit rates.

There are no transfers between levels during the year (2021: None).

31 Financial assets and liabilities and risk management (continued)

Fair value measurement (continued)

In the opinion of Company's management, a reasonable possible change in one significant unobservable input, holding other input constant of level 3 financial instruments is not expected to have a significant impact on the profit or loss as well as fair values of level 3 financial instruments as at 31 December 2022.

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

	Unquoted investments and managed funds
At 31 December 2020	634,957
Disposals during the year	(2,243)
Unrealised foreign exchange translation gain included in statement of profit or loss	20,601
Unrealised fair value gain included in statement of profit or loss	78,795
At 31 December 2021	732,110
Additions during the year	62,773
Disposals during the year	(2,020)
Unrealised foreign exchange translation loss included in statement of profit or loss	(32,573)
Unrealised fair value gains included in statement of profit or loss	20,918
At 31 December 2022	781,208

32 Subsequent events

There were no events subsequent to 31 December 2022 and occurring before the date of the approval of the financial statements that are expected to have a significant impact on these financial statements.