

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

Financial statements for the  
year ended 31 December 2023

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<b>Commercial registration</b>	10700-1 obtained on 21 July 1980 10700-2 obtained on 2 March 2017 10700-3 obtained on 26 January 2019
<b>Board of directors</b>	Abdul Rahman Mohamed Jamsheer (Chairman) Abdulgussain 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 Fouad Ebrahim Almutawa Abdulla Jasim Al Ahmed Marwa Khalid Al sabbagh - from 17 May 2023 Hasan Nabeel Ebrahim Al Mahroos - up to 16 May 2023
<b>Executive Committee</b>	Yousuf Saleh Al-Saleh (Chairman) Abdul Rahman Mohamed Jamsheer Esam Abdulhameed Zainal Abdulla Jasim Al Ahmed
<b>Audit Committee</b>	Abdulgussain Khalil Dewani (Chairman) Talal Mohamed Abdulla Al Mannai Fouad Ebrahim Yousif Almutawa Marwa Khalid Al sabbagh - from 17 May 2023 Hasan Nabeel Ebrahim Al Mahroos - up to 16 May 2023
<b>Governance Committee</b>	Fouad Ebrahim Almutawa (Chairman) Abdulredha Mohamed Al Daylami Abdulla Jasim Al Ahmed Jaffar Mohamed Ali Al Dhaif
<b>Nomination and Remuneration Committee</b>	Yousuf Saleh Al-Saleh (Chairman) Abdulredha Mohamed Al Daylami Jaffar Mohamed Ali Al Dhaif Talal Mohamed Abdulla Al Mannai
<b>Tenders and Procurement Committee</b>	Esam Abdulhameed Zainal (Chairman) Marwa Khalid Al sabbagh - from 17 May 2023 Hasan Nabeel Ebrahim Al Mahroos - up to 16 May 2023
<b>Chief Executive Officer (CEO)</b>	Abdulhadi Mirza Jaffar

<b>Offices and plants</b>	Administration and chicken processing plant Hamala, PO Box 20535 Telephone 17608282 Fax 17601930 Email: <a href="mailto:info@dawajen.bh">info@dawajen.bh</a> Website: <a href="http://www.dawajen.bh">www.dawajen.bh</a>  Feedmill - Mina Salman Telephone 17727705  Chicks Hatchery - Al-Buhair Telephone 17624832
<b>Principal bankers</b>	Ahli United Bank National Bank of Bahrain National Bank of Kuwait Bahrain Islamic Bank Bank of Bahrain and Kuwait Kuwait Finance House Arab bank
<b>Auditors</b>	BDO 17 <sup>th</sup> Floor Diplomatic Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain
<b>Internal auditor</b>	Grant Thornton - Abdulaal 12 <sup>th</sup> Floor, Al Nakeel Tower Seef District PO Box 11175 Kingdom Of Bahrain
<b>Share registrar</b>	Bahrain Clear B.S.C. (c) PO Box 3203 Manama Kingdom of Bahrain

**Delmon Poultry Company B.S.C.**  
**Directors' report for the year ended 31 December 2023**

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Dear shareholders,

On behalf of myself and members of the Board of Directors, I am pleased to present the Directors' report for Delmon Poultry Company (B.S.C.) for the year ended 31 December 2023.

The year 2023 marked with a lot of achievements in relation with the implementation of the Board of Directors' strategy for improving the Company's production operations, including that related to rehabilitation of production equipment to be in line with the development of poultry industry. In this level, the following projects were completed during the year:

- 1- Completion of the frozen chicken products warehouses, which will increase the overall capacity of chicken including frozen products by 300 tons.
- 2- Completion of the new One Day Chick Hatchery in Hamala area, which is considered a quantum leap in the Company's operations in terms of production capacity and quality in accordance with the highest international standards. The capacity in its first phase reaches 12 million chicks/year.

Other efforts are also ongoing to complete a vital and important project at the Company's slaughterhouse in Hamala, which is a new operating system for chicken feathering using a new environmentally friendly technology due to reducing the amount of water currently used. This is known as Airoscalding System. In addition to a number of other various projects that are self-financed from the Company's working capital which is considered a big achievement in maintaining Company's liquidity at its highest level to be utilized for Company's projects.

**Financial highlights:**

The Company's total sales for the year 2023 was BD 19.1 million compared to BD 18.8 million for the previous year. The Company has recorded profits from its operations of BD 263 thousand compared to BD 308 thousand for the year 2022.

Investment income amounted to BD 232 thousand for the current year compared to BD 194 thousand for the previous year.

These results were reflected in the Company's net profits which has reached to BD 406 thousand in 2023 compared to net profits of BD 24 thousand in 2022.

**Future insights:**

The clear vision of the Board of Directors and its focused objectives to support development elements and work outcomes, and the continuous directives of the executive management to implement that vision within a constructive and joint collaboration, create a kind of harmony in facing many challenges and difficulties during the year, and even turning those challenges into opportunities for innovation in developing solutions, especially within the logistic level while maintaining inventory and production levels including the opening of the frozen products warehouses in addition to the completion of the new hatchery project to ensure the smooth flow of the production and increase it to the optimum level in accordance with international quality standards, which will have a great impact on the coming years as these projects continue to be developed in terms of quality and quantity in the future.

**Thanks and Gratitude:**

On behalf of myself, Board of Directors and the shareholders, I extend my great appreciation, gratitude and thanks to His Majesty King Hamad bin Isa Al Khalifa, the beloved King of the Kingdom of Bahrain, and to His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and Prime Minister may God bless them all for their wise leadership, guidance and continuous support for economic development in the Kingdom of Bahrain.

And to His Excellency Sheikh Khalid bin Abdullah Al Khalifa, Deputy Prime Minister for his wise directives to maintain food security in the Kingdom of Bahrain, and His Excellency Sheikh Salman bin Khalifa Al Khalifa, Minister of Finance and National Economy, and His Excellency Abdullah bin Adel Fakhro, Minister of Industry and Commerce, and His Excellency Engineer Wael bin Nasser Al-Mubarak, Minister of Municipality Affairs and Agriculture. And the Undersecretary of Agriculture and Livestock, Khaled Ahmed Mohamed Hassan, and to the Ministries, and Government Bodies and Authorities for their continuous support and assistance to the Company.

In conclusion, we are pleased to express our appreciation and sincere thanks to the Company's esteemed shareholders, customers for their great trust and support for the Company, executive management and all the Company's employees for their commitment, sincerity, and efforts throughout the year, hoping to continue making more efforts for the Company's prosperity and development.

We ask God for success for what is good for everyone.

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



Abdul Rahman Mohamed Jamsheer  
Chairman

13 February 2024

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

**Disclosure for the remuneration details for the year ended 31 December 2023**

**Disclosure for the remuneration of members of the board of directors and executive management for the year 2023**


**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	4,000	4,500	-	-	8,500	-	-	-	-	-	-	8,500	-
Abdulhussain Khalil Dewani	2,000	4,000	-	-	6,000	-	-	-	-	-	-	6,000	-
Yusuf Saleh Al-Saleh	2,000	5,500	-	-	7,500	-	-	-	-	-	-	7,500	-
Talal Mohamed Al Mannai	2,000	5,500	-	-	7,500	-	-	-	-	-	-	7,500	-
Jaffer Mohamed Ali AL Dhaif	2,000	4,500	-	-	6,500	-	-	-	-	-	-	6,500	-
Fouad Ibrahim Al Mutawa	2,000	5,500	-	-	7,500	-	-	-	-	-	-	7,500	-
Esam Abdulhameed Zainal	2,000	5,000	-	-	7,000	-	-	-	-	-	-	7,000	-
Second: Dependent, Non-Executive Directors:													
Abdulredha Mohamed Al Dailami	2,000	4,500	-	-	6,500	-	-	-	-	-	-	6,500	-
Abdulla Jasim Al Ahmed	2,000	5,500	-	-	7,500	-	-	-	-	-	-	7,500	-
Marwa Khalid Al Sabbagh*	2,000	2,500	-	-	4,500	-	-	-	-	-	-	4,500	-
Hasan Nabeel Al Mahroos*	-	2,500	-	-	2,500	-	-	-	-	-	-	2,500	-
Third: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total in BD	22,000	49,500	-	-	71,500	-	-	-	-	-	-	71,500	-

\*Mrs. Marwa Al Sabbagh has been appointed by Mumtalakat Holdings as replacement of Mr. Hassan Al Mahroos May 2023

**Second: executive management's remuneration details:**

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	228,720	8,366	600	237,686

  
Abdul Rahman Mohamed Jamsheer  
Chairman

  
Abdulhussain Khalil Dewani  
Vice chairman

## **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 2023, 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 material accounting policy information. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board.

#### **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 2023. 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.



## **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 IFRS Accounting 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.

## **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 2023.



Manama, Kingdom of Bahrain  
13 February 2024




Delmon Poultry Company B.S.C.  
Statement of financial position as at 31 December 2023  
(Expressed in Bahrain Dinars)

See Auditor's Report dated 13/2/24  
Signed by BDO, CR No. 10201-04  
Partner: Samson Kattuvattil  
Reg. No. 239  
Signature: sg


	Notes	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,831,809	4,688,861
Right-of-use assets	7	528,778	565,033
Financial assets at fair value through other comprehensive income	8	3,075,975	3,149,453
Financial assets at fair value through profit or loss	9	730,097	710,463
Investments at amortised cost	10	250,000	250,000
		<u>10,416,659</u>	<u>9,363,810</u>
<b>Current assets</b>			
Inventories	11	2,057,705	2,972,473
Trade and other receivables	12	3,157,869	2,897,793
Cash and bank balances	13	1,119,298	1,284,813
		<u>6,334,872</u>	<u>7,155,079</u>
<b>TOTAL ASSETS</b>		<u>16,751,531</u>	<u>16,518,889</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
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)	2,359,160	2,432,071
Retained earnings	15(v)	2,412,847	2,159,991
Treasury shares	14	(122,398)	(122,398)
<b>Total shareholders' equity</b>		<u>14,324,001</u>	<u>14,144,056</u>
<b>Non-current liabilities</b>			
Non-current portion of lease liabilities	18	607,950	629,686
Non-current portion of deferred income	21	111,059	155,782
Employees' terminal benefits	16	55,059	47,266
		<u>774,068</u>	<u>832,734</u>
<b>Current liabilities</b>			
Short-term borrowings	17	387,720	500,702
Current portion of lease liabilities	18	14,650	13,654
Trade and other payables	19	1,226,980	1,013,937
Current portion of deferred income	21	24,112	13,806
		<u>1,653,462</u>	<u>1,542,099</u>
<b>Total liabilities</b>		<u>2,427,530</u>	<u>2,374,833</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,751,531</u>	<u>16,518,889</u>

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

**Delmon Poultry Company B.S.C.**  
**Statement of profit or loss for the year ended 31 December 2023**  
**(Expressed in Bahrain Dinars)**

See Auditor's Report dated 13/2/24  
Signed by BDO, CR No. 10201-04  
Partner: Samson Kattuvattil  
Reg. No. 239  
Signature: 

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Sales	23	19,096,732	18,808,379
Cost of sales	24	(18,221,685)	(17,878,791)
<b>Gross profit</b>		<b>875,047</b>	<b>929,588</b>
Other income	22	241,564	218,163
Other operating expenses	25	(853,315)	(839,301)
<b>Profit from operations</b>		<b>263,296</b>	<b>308,450</b>
Investment income	26	231,861	193,839
Loss on disposal of associate	6	-	(401,884)
Unrealised fair value gains on financial assets at fair value through profit or loss	9	4,461	20,918
Share of loss in an associate	6	-	(29,277)
Finance costs		(93,785)	(67,404)
<b>Net profit for the year</b>		<b>405,833</b>	<b>24,642</b>
<b>Basic and diluted earnings per share</b>	27	<b>Fils 13</b>	<b>Fils 1</b>

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

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

**Statement of comprehensive income for the year ended 31 December 2023**  
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>Net profit for the year</b>		405,833	24,642
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Valuation (losses)/gains on financial assets at fair value through other comprehensive income	8	(72,911)	75,032
<i>Items that will or may be reclassified into profit or loss:</i>			
Company's share in associate's other comprehensive income	6	-	267
Reversal of reserve on disposal of associate	6	-	30,178
<b>Total other comprehensive (loss)/income for the year</b>		<u>(72,911)</u>	<u>105,477</u>
<b>Total comprehensive income for the year</b>		<u>332,922</u>	<u>130,119</u>

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

**Delmon Poultry Company B.S.C.**  
**Statement of changes in shareholders' equity for the year ended 31 December 2023**  
**(Expressed in Bahrain Dinars)**

	Notes	Share capital	Statutory reserve	General reserve	Development and raw material reserve	Investment fair value reserve	Retained earnings	Treasury shares	Total
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		-	-	-	-	-	-	-	-
Dividend distributed for 2021	28	-	-	-	-	105,477	(152,977)	-	105,477
									(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
Net profit for the year		-	-	-	-	-	405,833	-	405,833
Other comprehensive loss for the year		-	-	-	-	(72,911)	-	-	(72,911)
Dividend distributed for 2022	28	-	-	-	-	-	(152,977)	-	(152,977)
At 31 December 2023		3,120,928	1,560,464	3,993,000	1,000,000	2,359,160	2,412,847	(122,398)	14,324,001

**Delmon Poultry Company B.S.C.**  
**Statement of cash flows for the year ended 31 December 2023**  
**(Expressed in Bahrain Dinars)**

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
<b>Operating activities</b>			
Net profit for the year		405,833	24,642
Adjustments for:			
Depreciation	5	395,066	406,771
Loss on disposal of associate	6	-	401,884
Share of loss in an associate	6	-	29,277
Amortisation of right-of-use assets	7	36,255	31,512
Unrealised fair value gains on financial assets at fair value through profit or loss	9	(4,461)	(20,918)
Unrealised foreign exchange (gain)/loss	9	(15,173)	32,573
Finance costs		93,785	67,404
Gain on sale of property, plant and equipment	22	(92,683)	-
Gain on disposal of financial assets at fair value through other comprehensive income		(1,917)	(982)
Interest income	26	(73,513)	(54,994)
Dividends income	26	(158,348)	(138,845)
Changes in operating assets and liabilities:			
Inventories		914,768	(813,563)
Trade and other receivables		(260,076)	198,938
Trade and other payables		213,043	(60,192)
Employees' terminal benefits, net		<u>7,793</u>	<u>7,332</u>
Net cash provided by operating activities		<u>1,460,372</u>	<u>110,839</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	5	(1,538,014)	(1,180,333)
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,484	3,002
Proceeds from sale of property, plant and equipment		92,683	-
Proceeds from disposal of associate		-	942,760
Interest income received	26	73,513	54,994
Dividends income received	26	<u>158,348</u>	<u>138,845</u>
Net cash used in investing activities		<u>(1,210,986)</u>	<u>(40,732)</u>
<b>Financing activities</b>			
Principal repayment on lease liabilities		(20,740)	(8,193)
Net movement in deferred income		(34,417)	(13,804)
Net movement in short-term borrowings		(112,982)	332,657
Finance costs paid		(93,785)	(67,404)
Dividends paid	28	<u>(152,977)</u>	<u>(152,977)</u>
Net cash (used in)/provided by financing activities		<u>(414,901)</u>	<u>90,279</u>
Net (decrease)/increase in cash and bank balances		(165,515)	160,386
Cash and bank balances, beginning of the year		<u>1,284,813</u>	<u>1,124,427</u>
Cash and bank balances, end of the year	13	<u>1,119,298</u>	<u>1,284,813</u>

## 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:

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

The financial information, set out on pages 10 to 50 was approved and authorised for issue by the Board of Directors and signed on 13 February 2024.

## 2 Basis of preparation

### *Statement of compliance*

The financial statements have been prepared in accordance with the IFRS Accounting Standards 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 IFRS Accounting 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 Accounting Standards*

Improvements/amendments to IFRS Accounting Standards contained numerous amendments to IFRS Accounting Standards that the IASB considers non-urgent but necessary. 'Improvements to IFRS Accounting Standards' 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 Accounting Standards. The amendments are effective for the Company's future accounting year with earlier adoption.

### *Standards, amendments and interpretations effective and adopted in 2023*

The following new standards, amendment to existing standards or interpretation to published standards are mandatory for the first time for the financial year beginning 1 January 2023 and have been adopted in the preparation of these financial statements:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of financial statements	1 January 2023
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2023

### *IAS 1 Presentation of financial statements*

In February 2021, the International Accounting Standard Board ("IASB") has issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company has adopted the amendments of IAS 1 and had no significant impact on the financial statements.

### *IAS 8 Accounting policies, changes in accounting estimates and errors*

In February 2021, the International Accounting Standard Board ("IASB") issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

The Company has adopted the amendments of IAS 8 and had no significant impact on the financial statements.

## 2 Basis of preparation (continued)

### *Standards, amendments and interpretations issued and effective 2023 but not relevant*

The following new amendments to existing IFRS accounting standards and interpretation to published standard are mandatory for accounting period beginning on or after 1 January 2023 or subsequent periods, but are not relevant to the Company's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 12	Income taxes	1 January 2023 / 1 May 2023
IFRS 17	Insurance contracts	1 January 2023

### *Standards, amendments and interpretations issued but not yet effective in 2023*

The following new/amended IFRS accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2023. They have not been adopted in preparing the financial statements for the year ended 31 December 2023 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:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of financial statements	1 January 2024
IAS 7	Statement of cash flows	1 January 2024
IFRS 7	Financial instruments: disclosures	1 January 2024
IFRS 16	Leases	1 January 2024
IAS 21	The effects of changes in foreign exchange rates	1 January 2025

### **Early adoption of amendments or standards in 2023**

The Company did not early-adopt any new or amended standards in 2023. There would have been no change in the operational results of the Company for the year ended 31 December 2023 had the Company early adopted any of the above standards applicable to the Company.

### 3 Material accounting policy information

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)	3-40 years
Plant, machinery, tools and equipment	5-35 years
Office equipment, furniture and fixtures, vehicles, trucks, IT hardware and software	2-10 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 Material accounting policy information (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 Material accounting policy information (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 Material accounting policy information (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 Material accounting policy information (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 Material accounting policy information (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 Material accounting policy information (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.

##### *Change in the estimated economic useful lives of property, plant and equipment*

During 2023, the Company conducted an operational efficiency review to all categories of the assets within property, plant and equipment, which resulted in changes in the expected usage of those assets. As a result, the estimated expected useful life of the assets increased. The changes were as follows:

	Estimated useful lives	
	2023	2022
Building (on leased land)	3-40 years	3-35 years
Plant, machinery, tools and equipment	5-35 years	5-25 years
Office equipment, furniture and fixtures, vehicles, trucks, IT hardware and software	2-10 years	2-5 years

The changes will be applied for the new additions and accordingly, no effect of these changes on actual and expected depreciation expense.

##### *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.

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

##### *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.

##### *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.

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

##### *Impairment of assets (continued)*

###### *(a) Financial assets (continued)*

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 2023, in the opinion of the management, a provision of BD81,505 (2022: BD72,481) is required for impaired trade receivables and provision of BD125,000 (2022:BD65,000) 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.

The Company creates provision for obsolete and slow-moving inventories. At 31 December 2023, in the opinion of the Company's management, no provision was required for obsolete and slow-moving inventories (2022: 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).

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

***Fair value measurement (continued)***

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 2023 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.

**Delmon Poultry Company B.S.C.**  
**Notes to the financial statements for the year ended 31 December 2023**  
**(Expressed in Bahrain Dinars)**

**5 Property, plant and equipment**

	Buildings on leasehold lands	Plant, machinery, tools and equipment	Office equipment, furniture and fixtures, vehicles, trucks, IT hardware and software	Capital working-in- progress	Total
<b>Cost</b>					
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
Reclassification	(560,005)	560,005	-	-	-
Additions	50,663	256,805	36,395	1,194,151	1,538,014
Disposals	(410,596)	(310,409)	(221,731)	-	(942,736)
At 31 December 2023	3,722,809	7,184,544	3,003,441	2,950,052	16,860,846
<b>Accumulated depreciation</b>					
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
Charge for the year	38,224	235,157	121,685	-	395,066
On disposals	(410,596)	(310,409)	(221,731)	-	(942,736)
At 31 December 2023	3,334,291	5,051,369	2,643,377	-	11,029,037
<b>Net book value</b>					
At 31 December 2023	388,518	2,133,175	360,064	2,950,052	5,831,809
At 31 December 2022	936,084	1,551,522	445,354	1,755,901	4,688,861

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

	Year ended 31 December 2023	Year ended 31 December 2022
Cost of sales (Note 24)	374,760	365,674
Other operating expenses (Note 25)	20,306	41,097
	<u>395,066</u>	<u>406,771</u>

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 2024.

## 6 Investment in an associate

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

<u>Name of associate company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective ownership interest 2023</u>	<u>Effective ownership interest 2022</u>
Bahrain Livestock Company B.S.C. (c)	Kingdom of Bahrain	Import, export and sale of livestock	<u>0.00%</u>	<u>0.00%</u>
				<u>31 December 2022</u>
Opening balance				1,343,476
Company's share in loss for the year				(29,277)
Company's share of the associate's net change in fair value of the investments and other reserves				267
Reversal of reserve on disposal of associate				30,178
Disposals during the year				<u>(1,344,644)</u>
Closing balance				<u>-</u>
<b>Summary of financial information of associate</b>				<u>31 December 2022</u>
Current assets				-
Non-current assets				<u>-</u>
<b>Total assets</b>				<u>-</u>
Current liabilities				<u>-</u>
<b>Total liabilities</b>				<u>-</u>
Net assets				<u>-</u>
Company share of net assets (36.26%)				<u>-</u>
Revenue				1,052,942
Expenses				<u>(1,104,750)</u>
<b>Net loss</b>				<u>(51,808)</u>
<b>Company's share of net loss for the year</b>				<u>(29,277)</u>
<b>Other comprehensive income</b>				<u>736</u>
<b>Company's share of other comprehensive income</b>				<u>267</u>

The Company owns no interest in Bahrain Livestock Company B.S.C. (c) as at 31 December 2022 the associate was disposed of during 2022. 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, being the latest available information.

**6 Investment in an associate (continued)**

During 2022, the Company has disposed its investment in associate to a related party and the summary of the transaction is as follows:

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

**7 Right-of-use assets**

	<u>Lands</u>	<u>Total</u>
<b>Cost</b>		
At 31 December 2022 and 2023	<u>676,845</u>	<u>676,845</u>
<b>Accumulated amortisation</b>		
At 31 December 2021	80,300	80,300
Charge for the year	<u>31,512</u>	<u>31,512</u>
At 31 December 2022	111,812	111,812
Charge for the year	<u>36,255</u>	<u>36,255</u>
At 31 December 2023	<u>148,067</u>	<u>148,067</u>
<b>Net book value</b>		
At 31 December 2023	<u>528,778</u>	<u>528,778</u>
At 31 December 2022	<u>565,033</u>	<u>565,033</u>

**8 Financial assets at fair value through other comprehensive income**

	31 December 2023	31 December 2022
Opening	3,149,453	3,076,441
Change in fair value recognised in other comprehensive income	(72,911)	75,032
Disposals during the year	<u>(567)</u>	<u>(2,020)</u>
Closing balance	<u>3,075,975</u>	<u>3,149,453</u>
<b>Analysis of investments</b>		
	31 December 2023	31 December 2022
Quoted equity securities	3,005,797	3,078,708
Unquoted equity securities	<u>70,178</u>	<u>70,745</u>
	<u>3,075,975</u>	<u>3,149,453</u>



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

The investments are denominated in the following currencies:

<b>Currency (Equivalent in Bahrain Dinars)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Bahrain Dinars	1,824,172	1,751,556
United States Dollars	1,251,447	1,397,855
UAE Dirhams	<u>356</u>	<u>42</u>
	<b><u>3,075,975</u></b>	<b><u>3,149,453</u></b>

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**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Opening balance	710,463	722,118
Unrealised foreign exchange gain/(loss)	15,173	(32,573)
Unrealised fair value gains for the year	<u>4,461</u>	<u>20,918</u>
Closing balance	<b><u>730,097</u></b>	<b><u>710,463</u></b>

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

<b>Currency (Equivalent in Bahrain Dinars)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
United States Dollars	479,283	427,409
Great British Pounds	<u>250,814</u>	<u>283,054</u>
	<b><u>730,097</u></b>	<b><u>710,463</u></b>

The fair value of this managed funds is based on the fund managers valuation received as at 31 December 2023 and 31 December 2022.

**10 Investments at amortised cost**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Opening and closing balance	<b><u>250,000</u></b>	<b><u>250,000</u></b>

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**10 Investments at amortised cost (continued)**

*Analysis of investments*

	31 December 2023	31 December 2022
Islamic leasing sukuk Kingdom of Bahrain	<u>250,000</u>	<u>250,000</u>

Investments at amortised cost represent Government of Kingdom of Bahrain bonds carrying coupon interest of 5.5% (2022: 5.5%) per annum and having maturity period of 2 years (2022: 3 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 2023	31 December 2022
Finished goods		
- Feed	30,135	66,243
- Frozen/chilled chicken	102,483	39,466
Hatching eggs - hatchery	144,432	185,186
Raw material and packing materials	862,975	1,729,597
Spare parts for plant and machinery	<u>917,680</u>	<u>951,981</u>
	<u>2,057,705</u>	<u>2,972,473</u>

**12 Trade and other receivables**

	31 December 2023	31 December 2022
Gross receivables	2,809,054	2,243,580
Less: provision for impairment	<u>(81,505)</u>	<u>(72,481)</u>
	2,727,549	2,171,099
Advances to suppliers	77,420	340,791
Other receivables	477,900	450,903
Less: impairment provision on other receivables	<u>(125,000)</u>	<u>(65,000)</u>
	<u>3,157,869</u>	<u>2,897,793</u>

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 2023	31 December 2022
Opening balance	72,481	62,848
Provision during the year	<u>9,024</u>	<u>9,633</u>
Closing balance	<u>81,505</u>	<u>72,481</u>

## 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 2023 and 31 December 2022 was determined as follows for trade receivables:

<u>31 December 2023</u>	<u>0-30 days overdue</u>	<u>30-60 days overdue</u>	<u>60-90 days overdue</u>	<u>90+ days Overdue</u>	<u>Total</u>
Expected loss rate	0.25%	0.25%	0.25%	63%	
Trade receivables	1,050,966	16,065	287,289	123,853	1,478,173
Government and farmers*	-	-	-	-	1,330,881
Loss allowance	<u>2,627</u>	<u>40</u>	<u>718</u>	<u>78,120</u>	<u>81,505</u>
<u>31 December 2022</u>	<u>0-30 days Overdue</u>	<u>30-60 days overdue</u>	<u>60-90 days overdue</u>	<u>90+ days Overdue</u>	<u>Total</u>
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	<u>2,400</u>	<u>113</u>	<u>212</u>	<u>69,756</u>	<u>72,481</u>

\*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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Short-term deposits	521,888	610,909
Current account balances with banks	382,753	579,092
Cash on hand	<u>214,657</u>	<u>94,812</u>
	<u>1,119,298</u>	<u>1,284,813</u>

Short-term deposits held with the Company's bankers earn average rate of return of 6.2% (2022:5.5%) per annum, are denominated in Bahrain Dinars and have maturities within 3 months.

Certain current account balances with banks earns market interest rates.

14 Share capital

	31 December 2023	31 December 2022
<b>Authorised</b>		
100,000,000 ordinary shares of 100 fils each (2022: 100,000,000 ordinary shares of 100 fils each)	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, subscribed and fully paid-up:</b>		
31,209,277 ordinary shares of 100 fils each (2022: 31,209,277 ordinary shares of 100 fils each)	<u>3,120,928</u>	<u>3,120,928</u>
<b>Treasury shares:</b>		
613,933 treasury shares (2022: 613,933 shares)	<u>122,398</u>	<u>122,398</u>

**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 2023 and 31 December 2022 are as follows:

<u>2023</u>	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
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	2,383,939	7.64%

<u>2022</u>	<u>Nationality</u>	<u>Number of shares</u>	<u>Percentage of shareholding interest</u>
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%

- 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:

<u>2023</u>	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage of total outstanding shares *</u>
Less than 1%	1,476	8,733,194	27.98%
Between 1% and 5%	11	6,249,363	20.02%
Between 5% and 10%	1	2,383,939	7.64%
Between 10% and 20%	3	13,842,781	44.36%
	<u>1,491</u>	<u>31,209,277</u>	<u>100%</u>

#### 14 Share capital (continued)

##### Additional information on shareholding pattern (continued)

<u>2022</u>	<u>Number of shareholders</u>	<u>Number of shares</u>	<u>Percentage of total outstanding shares *</u>
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%
	<u>1,500</u>	<u>31,209,277</u>	<u>100%</u>

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

Details of the directors' interests in the Company's shares as at 31 December 2023 and 31 December 2022 are as follows:

	<u>2023 Number of shares</u>	<u>2022 Number of shares</u>
Abdul Rahman Mohamed Jamsheer ( <i>Chairman</i> )	157,878	157,878
Abdulhussain Khalil Dewani ( <i>Vice Chairman</i> )	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
	<u>1,273,498</u>	<u>1,273,498</u>

#### 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 2023 (2022: 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 recognised in the statement of comprehensive income. During the year, the unrealised fair value loss amounting to BD72,911 (2022: fair value gain of BD105,477) has been transferred to the investment fair value reserve.

##### (v) Retained earnings

The retained earnings represent the undistributed profits in the equity which is 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 2023 amounted to BD248,366 (2022: BD191,323).

### *Expatriate employees*

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

	31 December 2023	31 December 2022
Opening balance	47,266	39,934
Provision for the year	8,543	10,580
Payment during the year	<u>(750)</u>	<u>(3,248)</u>
Closing balance	<u>55,059</u>	<u>47,266</u>
The number of staff employed by the Company	<u>224</u>	<u>217</u>

## 17 Short-term borrowings

	31 December 2023	31 December 2022
Short-term borrowings	<u>387,720</u>	<u>500,702</u>

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%+2.5%-3.25% (2022: BIBOR%+3.25%) per annum, are pledged over a current account (Note 13) of the Company.

## 18 Lease liabilities

	31 December 2023	31 December 2022
Opening balance	643,340	651,533
Interest expenses	21,048	21,516
Lease adjustments	(7,079)	-
Lease payments	<u>(34,709)</u>	<u>(29,709)</u>
Closing balance	622,600	643,340
Less: current portion of lease liabilities	<u>(14,650)</u>	<u>(13,654)</u>
Non-current portion of lease liabilities	<u>607,950</u>	<u>629,686</u>

Maturity analysis - contractual undiscounted cash flows:

	31 December 2023	31 December 2022
One year or less	34,709	34,709
More than one year and less than five years	210,150	156,330
Above five years	<u>600,217</u>	<u>688,745</u>
Total undiscounted lease liabilities	<u>845,076</u>	<u>879,784</u>

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**19 Trade and other payables**

	31 December 2023	31 December 2022
Trade payables	864,838	793,936
Provision for board remuneration	22,000	-
Provision for staff related costs	186,152	123,349
Miscellaneous payables	<u>154,000</u>	<u>96,652</u>
	<u>1,226,990</u>	<u>1,013,937</u>

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 2023	31 December 2022
Bank overdrafts	<u>-</u>	<u>-</u>
Bank overdraft limit	<u>100,000</u>	<u>100,000</u>

The Company has bank overdraft facilities to finance the working capital requirements of the Company, which bear an effective interest rate of BIBOR%+3% (2022:3.5%) per annum and with no fixed repayment terms.

**21 Deferred income**

	31 December 2023	31 December 2022
Deferred income	135,171	169,588
Less: current portion of deferred income	<u>(24,112)</u>	<u>(13,806)</u>
Non-current portion of deferred income	<u>111,059</u>	<u>155,782</u>

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 2023	Year ended 31 December 2022
Gain on sale of property, plant and equipment	92,683	-
Tamkeen support for wages subsidies	72,041	31,951
Tamkeen support for purchase of machinery	30,398	13,804
Accrued expense written back during the year	19,250	95,452
Miscellaneous income	<u>27,192</u>	<u>76,956</u>
	<u>241,564</u>	<u>218,163</u>

## 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.

2023	Chicken	Feed	Chicks	Investments	Unallocated	Total
Sales	11,257,329	5,620,068	2,219,335	-	-	19,096,732
Cost of sales	(10,289,971)	(6,130,952)	(1,800,762)	-	-	(18,221,685)
Gross profit/(loss)	967,358	(510,884)	418,573	-	-	875,047
Other income	19,222	1,219	80,631	-	140,492	241,564
Other operating expenses	(481,631)	(287,347)	(84,337)	-	-	(853,315)
Profit/(loss) from operation	504,949	(797,012)	414,867	-	140,492	263,296
Investments income	-	-	-	231,861	-	231,861
Finance costs	(6,012)	(11,400)	(2,136)	-	(74,237)	(93,785)
Unrealised fair value gains on financial assets at fair value through profit or loss	-	-	-	4,461	-	4,461
Profit/(loss) for the year	498,937	(808,412)	412,731	236,322	66,255	405,833
Total assets	3,877,726	3,558,681	2,453,582	4,056,072	2,805,470	16,751,531
Total liabilities	869,067	868,845	160,372	-	529,246	2,427,530



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**23 Segmental information (continued)**

<b>2022</b>	<b>Chicken</b>	<b>Feed</b>	<b>Chicks</b>	<b>Investments</b>	<b>Unallocated</b>	<b>Total</b>
Sales	10,819,588	6,016,256	1,972,535	-	-	18,808,379
Cost of sales	<u>(9,393,518)</u>	<u>(6,660,185)</u>	<u>(1,825,088)</u>	-	-	<u>(17,878,791)</u>
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	<u>(440,744)</u>	<u>(312,874)</u>	<u>(85,683)</u>	-	-	<u>(839,301)</u>
<b>Profit /(loss) from operation</b>	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	-	-	-	(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
<b>Profit/(loss) for the year</b>	<u>1,060,405</u>	<u>(951,630)</u>	<u>93,746</u>	<u>(216,404)</u>	<u>38,525</u>	<u>24,642</u>
<b>Total assets</b>	<u>4,103,182</u>	<u>4,050,930</u>	<u>1,515,689</u>	<u>4,109,917</u>	<u>2,739,171</u>	<u>16,518,889</u>
<b>Total liabilities</b>	<u>558,961</u>	<u>812,105</u>	<u>206,925</u>	-	<u>796,842</u>	<u>2,374,833</u>

**24 Cost of sales**

	<b>Chicken</b>	<b>Feed</b>	<b>Chicks</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Raw materials costs	8,061,834	5,617,983	1,546,347	15,226,164	15,015,917
Staff costs	1,208,203	202,390	154,711	1,565,304	1,457,146
Depreciation (Note 5)	265,268	99,400	10,092	374,760	365,674
Other costs	<u>754,666</u>	<u>211,179</u>	<u>89,612</u>	<u>1,055,457</u>	<u>1,040,054</u>
	<u>10,289,971</u>	<u>6,130,952</u>	<u>1,800,762</u>	<u>18,221,685</u>	<u>17,878,791</u>

**25 Other operating expenses**

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Staff costs	572,115	475,558
Depreciation (Note 5)	20,306	41,097
Board of directors and executive committee remuneration and fees (Note 29)	71,500	67,000
Professional fees	13,500	13,400
Others expenses	<u>175,894</u>	<u>242,246</u>
	<u>853,315</u>	<u>839,301</u>

**26 Investment income**

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income	73,513	54,994
Dividend income	<u>158,348</u>	<u>138,845</u>
	<u>231,861</u>	<u>193,839</u>

**27 Earnings per share**

	31 December 2023	31 December 2022
Net profit for the year	<u>405,833</u>	<u>24,642</u>
Weighted average number of shares outstanding	<u>30,595,344</u>	<u>30,595,344</u>
Earnings per share (fils)	<u>Fils 13</u>	<u>Fils 1</u>

The earnings per share has been computed on the basis of net profit for the year ended 31 December 2023 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 BD22,000 for the year ended 31 December 2023 (2022: BDNil). Directors' remuneration is expensed in the statement of profit or loss in the year to which it pertains.

***Proposed by the Board of Directors***

The Company has proposed directors' remuneration of BD22,000 to be paid to the Board of Directors of the Company for the year ended 31 December 2023 (2022: BDNil) 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 2023 has approved cash dividends of BD152,977 for the year ended 31 December 2022 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).

## 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 2023 amounting to BD244,763 at 8 fils per share representing 8% of the total issued and fully paid-up share capital of the Company for the year ended 31 December 2023 (2022: 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). 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 2023			31 December 2022		
	Receivables	Sales	Purchases	Receivables	Payables	Other (*)
Major shareholders	364,154	980,840	-	205,942	-	942,760
Entities controlled by directors	74,271	638,952	839,158	998	(9,186)	-
	<u>438,425</u>	<u>1,619,792</u>	<u>839,158</u>	<u>206,940</u>	<u>(9,186)</u>	<u>942,760</u>
						<u>2,672,375</u>
						<u>654,932</u>

(\*) During 2022, the Company has disposed 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:

<u>Board of Directors</u>	Year ended 31 December 2023	Year ended 31 December 2022
Board of directors' remuneration	22,000	-
Board of directors' attendance fees	49,500	67,000
	<u>71,500</u>	<u>67,000</u>
<u>key management personnel compensation</u>	Year ended 31 December 2023	Year ended 31 December 2022
Salary and other short-term benefits	237,686	230,220

### 30 Capital commitments and contingent liabilities

	31 December 2023	31 December 2022
Outstanding letters of credit and guarantees in the ordinary course of business	130,887	609,583
Capital commitments	<u>351,794</u>	<u>942,413</u>
	<u>482,681</u>	<u>1,551,996</u>

### 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 receivables, 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 2023 and 31 December 2022:

2023	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
<b>Financial assets:</b>						
Cash and bank balances	-	-	1,119,298	-	1,119,298	1,119,298
Trade and other receivables excluding prepayments	-	-	3,080,449	-	3,080,449	3,080,449
Financial assets at fair value through other comprehensive income	3,075,975	-	-	-	3,075,975	3,075,975
Financial assets at fair value through profit or loss	-	730,097	-	-	730,097	730,097
Investment at amortised cost	-	-	250,000	-	250,000	250,000
	<u>3,075,975</u>	<u>730,097</u>	<u>4,449,747</u>	<u>-</u>	<u>8,255,819</u>	<u>8,255,819</u>
<b>Financial liabilities:</b>						
Short-term borrowings	-	-	-	387,720	387,720	387,720
Trade and other payables	-	-	-	<u>1,226,980</u>	<u>1,226,980</u>	<u>1,226,980</u>
	-	-	-	<u>1,614,700</u>	<u>1,614,700</u>	<u>1,614,700</u>

**31 Financial assets and liabilities and risk management (continued)**

<u>2022</u>	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
<b>Financial assets:</b>						
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
	<u>3,149,453</u>	<u>710,463</u>	<u>4,091,815</u>	<u>-</u>	<u>7,951,731</u>	<u>7,951,731</u>
<b>Financial liabilities:</b>						
Short-term borrowings	-	-	-	500,702	500,702	500,702
Trade and other payables	-	-	-	1,013,937	1,013,937	1,013,937
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,514,639</u>	<u>1,514,639</u>	<u>1,514,639</u>

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 33% (2022:32%) of the sales are received in cash and the balance being made through credit. The Company manages its credit risk on accounts receivables by restricting its credit sales only to approved list endorsed by the General Manager and ensuring that the sales to related parties are as per the internal policies established for transactions with the related parties. Since all of sales of the Company are within Bahrain there is no significant geographical or customer type concentration of credit risk involved in accounts receivable balances. The Company perceives that the account receivable balances are of good credit quality as these are primarily receivable from: a) vendors where the Company has net payable balances, b) customers with good credit standing, and c) related parties with good financial position.

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

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

#### *Exposure to credit risk*

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

	31 December 2023	31 December 2022
Cash and bank balances	1,119,298	1,284,813
Trades and other receivables, net of prepayments	3,080,449	2,557,002
Financial assets at fair value through other comprehensive income	3,075,975	3,149,453
Financial assets at fair value through profit or loss	730,097	710,463
Investment at amortised cost	250,000	250,000
	<u>8,255,819</u>	<u>7,951,731</u>

### 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 2023	31 December 2022
Kingdom of Bahrain	3,704,855	3,720,036
Other countries	<u>351,217</u>	<u>389,880</u>
	<u>4,056,072</u>	<u>4,109,916</u>

Investment fair value sensitivity analysis is as follows:

<u>Description</u>	<u>Change</u>	<u>Impact on equity</u>
Financial assets at fair value	+/-5%	190,304
Financial assets at fair value	+/-10%	380,607

#### 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.

### **31 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 <u>2023</u>	31 December <u>2022</u>
Investments at amortised cost	<u>250,000</u>	<u>250,000</u>

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 2023 and 2022.



**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.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Short-term borrowings	387,720	500,702
Trade and other payables	1,226,980	1,013,937
Lease liabilities	622,600	643,340
Less: cash and bank balances	<u>(1,119,298)</u>	<u>(1,284,813)</u>
Net debt	<u>1,118,002</u>	<u>873,166</u>
Total capital	<u>14,324,001</u>	<u>14,144,056</u>
Total capital and net debt	<u>15,442,003</u>	<u>15,017,222</u>
Gearing ratio	<u>7.24%</u>	<u>5.81%</u>

**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 2023 and 2022.

**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 inputs used in determining the fair value measurement of financial instruments as well as the inter-relationship between unobservable inputs and fair value:

	<u>Fair value</u>	<u>Level of hierarchy</u>	<u>Valuation technique used and key inputs</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between unobservable inputs and fair value</u>
<b><u>Financial assets</u></b>					
Quoted investments	3,005,797 (2022: 3,078,708)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Unquoted investments and managed funds	800,275 (2022: 781,208)	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 (2022: 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 2023.

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

	<u>Unquoted investments and managed funds</u>
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 gain included in statement of profit or loss	<u>20,918</u>
At 31 December 2022	781,208
Disposals during the year	(567)
Unrealised foreign exchange translation gain included in statement of profit or loss	15,173
Unrealised fair value gains included in statement of profit or loss	<u>4,461</u>
At 31 December 2023	<u>800,275</u>

**32 Subsequent events**

There were no events subsequent to 31 December 2023 and occurring before the date of the approval of the financial statements that are expected to have a significant impact on these financial statements.

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

	Year ended 31 December 2023	Year ended 31 December 2022
<b>Quantities sold</b>		
Chicken	7,952,795 KG	8,035,289 KG
Feed	33,198 ton	34,779 ton
Chicks	10,802,211 chicks	9,650,946 chicks
<b>Quantities produced</b>		
Chicken	8,187,328 KG	8,152,900 KG
Feed	33,364 ton	34,849 ton
Chicks	10,856,220 chicks	9,740,000 chicks