



Delmon Poultry Company B.S.C

**CONDENSED INTERIM FINANCIAL
INFORMATION**

30 June 2012

Delmon Poultry Company BSC

**CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2012**

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Independent auditors' report on review of condensed interim financial information

To
The Board of Directors
Delmon Poultry Company BSC
Hamala – Kingdom of Bahrain

8 August 2012

Introduction

We have reviewed the accompanying condensed statement of financial position of Delmon Poultry Company BSC (the "Company") as at 30 June 2012, the condensed statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes ("the condensed interim financial information"). The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

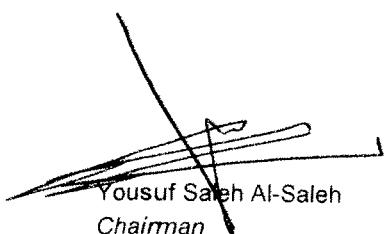
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 - *Interim Financial Reporting*.

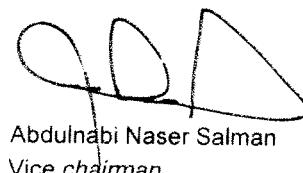
CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

Bahraini dinars

	30 June 2012 (reviewed)	31 December 2011 (audited)
CURRENT ASSETS		
Cash and bank balances	1,073,184	262,112
Short-term bank deposits	3,486,506	3,028,364
Trade receivables	802,629	741,858
Accrued income and other receivables	610,118	1,696,500
Inventory	1,390,441	1,669,613
Total current assets	7,362,878	7,398,447
NON-CURRENT ASSETS		
Available-for-sale investments	4,218,845	4,288,711
Held-to-maturity investments	500,000	500,000
Investment in an associate company	1,945,226	2,096,809
Property, plant and equipment	590,919	493,886
Total non-current assets	7,254,990	7,379,406
TOTAL ASSETS	14,617,868	14,777,853
CURRENT LIABILITIES		
Trade payables	150,317	184,721
Accrued expenses and other payables	537,990	602,187
Total current liabilities	688,307	786,908
NON-CURRENT LIABILITIES		
Provision for indemnity	36,934	33,006
TOTAL LIABILITIES	725,241	819,914
EQUITY		
Share capital	3,069,097	3,069,097
Reserves	8,298,655	8,234,896
Retained earnings	2,524,875	2,653,946
TOTAL EQUITY (page 5,6)	13,892,627	13,957,939
TOTAL EQUITY AND LIABILITIES	14,617,868	14,777,853



Yousuf Saleh Al-Saleh
Chairman



Abdulnabi Naser Salman
Vice chairman

CONDENSED STATEMENT OF INCOME
for the six months ended 30 June 2012

Bahraini dinars

	2012		2011	
	3 months ended 31 March (reviewed)	3 months ended 30 June (reviewed)	3 months ended 31 March (reviewed)	3 months ended 30 June (reviewed)
NET SALES				
Cost of sales	3,559,804 (3,744,255)	3,432,499 (3,602,826)	6,992,303 (7,347,081)	2,976,910 (3,274,928)
GROSS LOSS				
OTHER OPERATING EXPENSES	(184,451)	(170,327)	(354,778)	(298,018)
	(124,315)	(170,642)	(294,957)	(105,134)
OPERATING LOSS BEFORE GOVERNMENT SUBSIDY				
GOVERNEMENT SUBSIDY	(308,766)	(340,969)	(649,735)	(403,152)
	495,013	485,062	980,075	428,963
PROFIT FROM OPERATIONS				
	186,247	144,093	330,340	25,811
Investment income	145,134	47,160	192,294	142,957
Share of profit (loss) in an associate company	10,857	(5,541)	5,316	253,680
Other income	5,001	451	5,452	5,050
Impairment of AFS investments	(4,398)	(41,180)	(45,578)	(215)
PROFIT FOR THE PERIOD	342,841	144,983	487,824	427,283
Basic earnings per share of 100 fils each	11.11	4.70	15.82	22.91
			13.85	9.05

*Yousef Saad Al-Saadi
Chairman*

*Abdulnabi Nasser Salman
Vice Chairman*

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 8 August 2012.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 for the six months ended 30 June 2012

Bahraini dinars

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	2012			2011		
	3 months ended 31 March (reviewed)	3 months ended 30 June (reviewed)	6 months ended 30 June (reviewed)	3 months ended 31 March (reviewed)	3 months Ended 30 June (reviewed)	6 months ended 30 June (reviewed)
Profit for the period	342,841	144,983	487,824	427,283	279,244	706,527
Other comprehensive income:						
Fair value reserve (AFS investments):						
-Net change in investments fair value						
-Company's share in associate's net change in investments fair value	133,143	(68,270)	64,873	40,852	(187,874)	(147,022)
-Transferred to income statement on impairment of AFS investments	23,015	(12,208)	10,807	(9,504)	(14,049)	(23,553)
-Transferred to income statement on sale of AFS investments	4,398	367	4,765	215	45,752	45,967
	-		(16,686)	(11,340)	(60,697)	(72,037)
Other comprehensive income for the period	160,556	(96,797)	63,759	20,223	(216,868)	(196,645)
Total comprehensive income for the period	503,397	48,186	551,583	447,506	62,376	509,882

Bahraini dinars

		Reserves							
		Share capital	Treasury shares	Statutory reserve	General reserve	Development and raw material reserve	Investments fair value reserve	Retained earnings	Total
As at 1 January 2012		3,120,928	(51,831)	1,560,464	3,993,000	1,000,000	1,681,432	2,653,946	13,957,939
Total comprehensive income for the period:		-	-	-	-	-	-	487,824	487,824
Profit for the period		-	-	-	-	-	-	487,824	487,824
Other comprehensive income:									
Fair value reserve (AFS investments):									
-Change in investments fair value		-	-	-	-	-	64,873	-	64,873
-Company's share in associate's net change in investments fair value		-	-	-	-	-	10,807	-	10,807
-Transferred to income statement on impairment of AFS investments		-	-	-	-	-	4,765	-	4,765
-Transferred to income statement on sale of AFS investments		-	-	-	-	-	(16,686)	-	(16,686)
Total other comprehensive income for the period		-	-	-	-	-	63,759	-	63,759
Total comprehensive income for the period		-	-	-	-	-	63,759	487,824	551,583
Dividend distributed for 2011		-	-	-	-	-	-	(616,895)	(616,895)
At 30 June 2012		3,120,928	(51,831)	1,560,464	3,993,000	1,000,000	1,745,191	2,524,875	13,892,627

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2012

Bahraini dinars

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	Share capital	Treasury shares	Reserves			Retained earnings	Total
			Statutory reserve	General reserve	Development and raw material reserve		
As at 1 January 2011	3,120,928	(51,831)	1,516,749	3,993,000	1,000,000	2,152,401	13,874,866
Total comprehensive income for the period:						-	
Profit for the period		-	-	-	-	706,527	706,527
Other comprehensive income:							
Fair value reserve (AFS investments):							
-Change in investments fair value	-	-	-	-	-	(147,022)	(147,022)
-Company's share in associate's net change in investments fair value	-	-	-	-	-	(23,553)	(23,553)
-Transferred to income statement on impairment of AFS investments	-	-	-	-	-	45,967	45,967
-Transferred to income statement on sale of AFS investment	-	-	-	-	-	(72,037)	(72,037)
Total other comprehensive income for the period	-	-	-	-	-	(196,645)	(196,645)
Total comprehensive income for the period	-	-	-	-	-	(196,645)	706,527
Dividend distributed for 2010						-	509,882
At 30 June 2011	3,120,928	(51,831)	1,516,749	3,993,000	1,000,000	1,955,756	2,233,251
							13,767,853

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2012

Bahraini dinars

	6 months ended 30 June 2012 (reviewed)	6 months ended 30 June 2011 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	5,572,354	4,965,044
Subsidy received from Government of Bahrain	2,421,626	152,958
Payments to suppliers	(5,328,518)	(5,597,330)
Payments to employees and others	(900,478)	(960,576)
Directors' remuneration paid	(90,000)	(81,000)
Cash flows from operating operations	1,674,984	(1,520,904)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(251,130)	(10,663)
Purchase of held-to-maturity investment	-	(500,000)
Proceeds from maturity/ sale of AFS investments	75,400	223,260
Dividends received from associate company	167,706	127,776
Interests and dividends received	193,484	253,734
Cash flows from investing activities	185,460	94,107
FINANCING ACTIVITIES		
Dividends paid	(591,230)	(573,916)
Cash flows from financing activities	(591,230)	(573,916)
Net increase/ (decrease) in cash flows	1,269,214	(2,000,713)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,290,476	4,528,944
CASH AND CASH EQUIVALENTS AT 30 June	4,559,690	2,528,231
Comprising:		
Cash and bank balances	1,073,184	513,771
Short-term bank deposits	3,486,506	2,014,460
	4,559,690	2,528,231

NOTES**to the 30 June 2012 condensed interim financial information**

Bahraini dinars

- 1 The condensed interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*, which permits the condensed interim financial information to be in summarized form. The condensed interim financial information does not include all of the information required for the full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2011.
- 2 The condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Company for the year ended 31 December 2011. As per the Company's policy, for any changes in government subsidy during the year (which is usually effective from beginning of the year), the condensed interim financial information within the same calendar year are restated to enhance comparability of the results between reporting periods and matching of the subsidy to the period of sales.
- 3 The condensed interim financial information is unaudited but has been reviewed by KPMG and their review report is set out on page 1. The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2011. The corresponding figures for the condensed statements of income, comprehensive income, changes in equity and cash flows have been extracted from the restated condensed interim financial information for the six months ended 30 June 2011.
- 4 The interim financial results may not represent a proportionate share of the annual profits, due to the nature of the Company's activities and potential seasonal changes. Moreover, due to the variance in the timing of confirmation and recognition of the government subsidy (which is usually effective from beginning of the year), the current period figures may not necessarily represent a proportionate share of the annual profits.
- 5 The earnings per share was calculated on the basis of net profit for the period of BD 487,824 (2011: BD 706,527) divided by the average weighted number of shares issued minus treasury shares for the period ended 30 June 2012 of 30,844,738 shares (2011: 30,844,738 shares).
- 6 Appropriations (if any) are made at the year-end only.
- 7 During the period, the Shareholders approved the following appropriations for 2011 in their Annual General Meeting held on 20 March 2012:

	2012	2011
20% cash dividends of share nominal value	616,895	616,895
Transfer to statutory reserve from retained earnings	43,715	99,179

The general assembly also approved directors' remuneration of BD 90,000 for 2011 (2010: BD 81,000).

8 Related parties

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

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

NOTES**to the 30 June 2012 condensed interim financial information**

Bahraini dinars

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

	30 June 2012			31 December 2011	30 June 2011	
	Receivables	Sales	Purchases	Receivables	Sales	Purchases
Major shareholders	223,504	702,240	-	214,352	592,199	-
Entities controlled by directors	36,650	291,621	293,566	42,338	177,165	236,771
Associate	4,500	16,258	-	21,225	40,628	-
Total	264,654	1,010,119	293,566	277,915	809,992	236,771

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:-

Board remuneration
Board attendance fees
Salaries and other benefits

6 months ended 30 June 2012	6 months ended 30 June 2011
45,000	40,500
9,500	6,750
36,540	34,589

NOTES**to the 30 June 2012 condensed interim financial information**

Bahraini dinars

9 Segmental information:

2012 (Reviewed)	Chicken	Feeds	Chicks	Investments	Unallocated	Total
Net Sales	3,823,904	2,240,159	928,240			6,992,303
Cost of sales	(3,552,075)	(2,766,593)	(1,028,413)	-	-	(7,347,081)
Gross profit / (loss)	271,829	(526,434)	(100,173)			(354,778)
Other operating expenses	(142,602)	(111,068)	(41,287)	-	-	(294,957)
Profit/ (loss) from operations before government subsidy	129,227	(637,502)	(141,460)			(649,735)
Government subsidy	476,313	503,762	-	-	-	980,075
Profit/ (loss) from operations	605,540	(133,740)	(141,460)			330,340
Investments income and others	1,101	798		201,163	-	203,062
Provision for impairment of AFS investments	-	-	-	(45,578)		(45,578)
Segment profit/ (loss) for the period	606,641	(132,942)	(141,460)	155,585		487,824
 Total segment assets	 1,516,611	 1,423,304	 422,152	 6,664,071	 4,591,730	 14,617,868
 Total segment liabilities	 236,274	 123,709	 44,136		 321,122	 725,241

NOTES**to the 30 June 2012 condensed interim financial information**

Bahraini dinars

9 Segmental information (continued):

2011 (Reviewed)	Chicken	Feeds	Chicks	Investments	Unallocated	Total
Net Sales	3,313,824	2,035,655	803,278	-	-	6,152,757
Cost of sales	(3,233,155)	(2,512,599)	(959,905)	-	-	(6,705,659)
Gross profit / (loss)	80,669	(476,944)	(156,627)	-	-	(552,902)
Other operating expenses	(110,441)	(85,828)	(32,789)	-	-	(229,058)
Loss from operations before government subsidy	(29,772)	(562,772)	(189,416)	-	-	(781,960)
Government subsidy	409,262	483,889	-	-	-	893,151
Profit/ (loss) from operations	379,490	(78,883)	(189,416)	-	-	111,191
Investments income and others	5,383	9,000	-	626,920	-	641,303
Provision for impairment of AFS investments	-	-	-	(45,967)	-	(45,967)
Segment profit/ (loss) for the period	384,873	(69,883)	(189,416)	580,953	-	706,527
 Total segment assets	 2,037,237	 2,124,453	 385,660	 6,900,305	 3,330,198	 14,777,853
 Total segment liabilities	 325,586	 129,596	 45,815	 -	 318,917	 819,914

Additional Information**For the six months ended 30 June 2012**

Bahraini dinars

Schedule (1): Quantities produced & sold

	6 months ended 30 June 2012	6 months ended 30 June 2011
Quantities sold		
Chicken	3,969,280 KG	3,410,515 KG
Feed	16,802 ton	15,546 ton
Chicks	4,885,473 chicks	4,227,632 chicks
Quantities produced		
Chicken	4,029,965 KG	3,479,417 KG
Feed	17,038 ton	15,803 ton
Chicks	4,983,180 chicks	4,312,160 chicks