



Delmon Poultry Company B.S.C

**CONDENSED INTERIM FINANCIAL
INFORMATION**

31 March 2012

Delmon Poultry Company BSC

**CONDENSED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 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

9 May 2012

Introduction

We have reviewed the accompanying condensed statement of financial position of Delmon Poultry Company BSC (the "Company") as at 31 March 2012, the condensed statements of income, comprehensive income, changes in equity and cash flows for the three 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*.



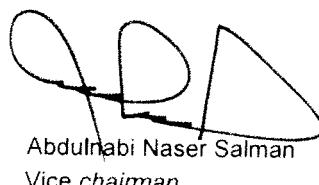
CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 March 2012

Bahraini dinars

	31 March 2012 (reviewed)	31 December 2011 (audited)
CURRENT ASSETS		
Cash and bank balances	1,648,658	262,112
Short-term bank deposits	3,029,298	3,028,364
Trade receivables	887,110	741,858
Accrued income and other receivables	974,078	1,696,500
Inventory	1,279,587	1,669,613
Total current assets	7,818,731	7,398,447
NON-CURRENT ASSETS		
Available-for-sale investments	4,421,854	4,288,711
Held-to-maturity investments	500,000	500,000
Investment in an associate company	2,130,681	2,096,809
Property, plant and equipment	478,245	493,886
Total non-current assets	7,530,780	7,379,406
TOTAL ASSETS	15,349,511	14,777,853
CURRENT LIABILITIES		
Trade payables	291,757	184,721
Accrued expenses and other payables	1,177,652	602,187
Total current liabilities	1,469,409	786,908
NON-CURRENT LIABILITIES		
Provision for indemnity	35,661	33,006
TOTAL LIABILITIES	1,505,070	819,914
EQUITY		
Share capital	3,069,097	3,069,097
Reserves	8,395,452	8,234,896
Retained earnings	2,379,892	2,653,946
TOTAL EQUITY (page 5,6)	13,844,441	13,957,939
TOTAL EQUITY AND LIABILITIES	15,349,511	14,777,853



Yousuf Saleh Al-Saleh
Chairman



Abdulnabi Naser Salman
Vice chairman

CONDENSED STATEMENT OF INCOME
for the three months ended 31 March 2012

Bahraini dinars

	3 months ended 31 March 2012 (reviewed)	3 months ended 31 March 2011 (reviewed)
NET SALES	3,559,804	2,976,910
Cost of sales	(3,744,255)	(3,274,928)
GROSS LOSS	(184,451)	(298,018)
OTHER OPERATING EXPENSES	(124,315)	(105,134)
OPERATING LOSS BEFORE GOVERNMENT SUBSIDY	(308,766)	(403,152)
GOVERNEMENT SUBSIDY	495,013	428,963
PROFIT FROM OPERATIONS	186,247	25,811
Investment income	145,134	142,957
Share of profit in an associate company	10,857	253,680
Other income	5,001	5,050
Impairment of AFS investments	(4,398)	(215)
PROFIT FOR THE PERIOD	342,841	427,283

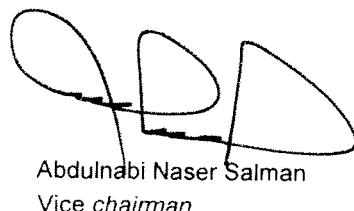
Basic earnings per share (fils)

11.11

13.85



Yousuf Saleh Al-Saleh
Chairman



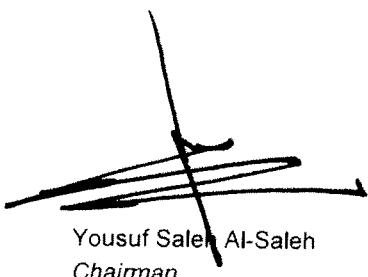
Abdulnabi Naser Salman
Vice chairman

The condensed interim financial information consisting of pages 2 to 11.

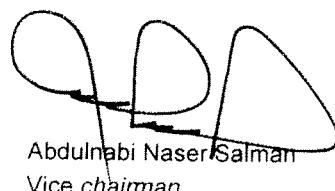
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2012

Bahraini dinars

	3 months ended 31 March 2012 (reviewed)	3 months ended 31 March 2011 (reviewed)
Profit for the period	342,841	427,283
Other comprehensive income:		
Fair value reserve (AFS investments):		
Net change in investments fair value	133,143	18,172
Company's share in associate's net change in investments' fair value	23,015	(9,504)
Transferred to income statement on impairment of AFS investments	4,398	215
Transferred to income statement on sale of AFS investments	-	11,340
Other comprehensive income for the period	160,556	20,223
Total comprehensive income for the period	503,397	447,506



Yousuf Saleh Al-Saleh
Chairman



Abdulnabi Naser Salman
Vice chairman

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2012

Bahraini dinars

2012		(reviewed)	Share capital	Treasury shares	Statutory reserve	General reserve	Development and raw material reserve	Investment s 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
Comprehensive income for the period:										
Profit for the period			-	-	-	-	-	-	342,841	342,841
Other comprehensive income:										
Fair value reserve (AFS investments):										
Change in investments' fair value			-	-	-	-	-	133,143	-	133,143
Company's share in associate's net change in investments' fair value			-	-	-	-	-	23,015	-	23,015
Transferred to income statement on impairment of AFS investments			-	-	-	-	-	4,398	-	4,398
Transferred to income statement on sale of AFS investments			-	-	-	-	-	-	-	-
Total other comprehensive income for the period			-	-	-	-	-	160,556	-	160,556
Total comprehensive income for the period			-	-	-	-	-	160,556	342,841	503,397
Dividend distributed for 2011			-	-	-	-	-	-	(616,895)	(616,895)
At 31 March 2012			3,120,928	(51,831)	1,560,464	3,993,000	1,000,000	1,841,988	2,379,892	13,844,441

							Bahraini dinars		
2011	(reviewed)	Share capital	Treasury shares	Statutory reserve	General reserve	Development and raw material reserve	Investments fair value reserve	Retained earnings	Total
As at 1 January 2011		3,120,928	(51,831)	1,516,749	3,993,000	1,000,000	2,152,401	2,143,619	13,874,866
Comprehensive income for the period:									
Profit for the period		-	-	-	-	-	-	427,283	427,283
Other comprehensive income:									
Fair value reserve (AFS investments):									
Change in investments' fair value		-	-	-	-	-	18,172	-	18,172
Company's share in associate's net change in investments' fair value		-	-	-	-	-	(9,504)	-	(9,504)
Transferred to income statement on impairment of AFS investments		-	-	-	-	-	215	-	215
Transferred to income statement on sale of AFS investment		-	-	-	-	-	11,340	-	11,340
Total other comprehensive income for the period		-	-	-	-	-	20,223	-	20,223
Total comprehensive income for the period		-	-	-	-	-	20,223	427,283	447,506
Dividend distributed for 2010		-	-	-	-	-	-	(616,895)	(616,895)
At 31 March 2011		3,120,928	(51,831)	1,516,749	3,993,000	1,000,000	2,172,624	1,954,007	13,705,477

CONDENSED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2012

Bahraini dinars

	3 months ended 31 March 2012 (reviewed)	3 months ended 31 March 2011 (reviewed)
OPERATING ACTIVITIES		
Cash received from customers	2,746,678	2,185,720
Subsidy received from Government of Bahrain	1,491,279	152,957
Payments to suppliers	(2,348,879)	(2,290,136)
Payments to employees and others	(352,945)	(654,946)
Directors' remuneration paid	(90,000)	(81,000)
Cash flows from operating operations	1,446,133	(687,405)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(106,248)	(783)
Proceeds from maturity of AFS investments	-	64,995
Interests and dividends received	49,924	99,254
Cash flows from investing activities	(56,324)	163,466
FINANCING ACTIVITIES		
Dividends paid	(2,329)	(1,247)
Cash flows from financing activities	(2,329)	(1,247)
Net increase/ (decrease) in cash flows	1,387,480	(525,186)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,290,476	4,528,944
CASH AND CASH EQUIVALENTS AT 31 March	4,677,956	4,003,758
Comprising:		
Cash and bank balances	1,648,658	785,040
Short-term bank deposits	3,029,298	3,218,718
	4,677,956	4,003,758

NOTES**to the 31 March 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 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, 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 reviewed restated condensed interim financial information for the three months ended 31 March 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 the 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 342,841 (2011: BD 427,283) divided by the average weighted number of shares issued minus treasury shares for the period ended 31 March 2012 of 30,844,738 shares (2011: 30,844,738 shares).
- 6 Provisions were made from year-end profits only.
- 7 During the period, the Shareholders approved the following appropriations for 2011 in their Annual General Meeting held on 20 March 2012:

20% cash dividends of share nominal value
 Transferred to statutory reserve from retained earnings

2012	2011
616,895	616,895
43,715	99,179

The general assembly also approved directors' remuneration of BD 90,000 (2011: 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 31 March 2012 condensed interim financial information**

Bahraini dinars

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

	31 March 2012			31 December 2011	31 March 2011	
	Receivables	Sales	Purchases	Receivables	Sales	Purchases
Major shareholders	236,648	360,598	-	214,352	380,345	-
Entities controlled by directors	967	106,753	224,224	42,338	72,181	110,739
Associate	2,371	11,371	-	21,225	27,334	-
Total	239,986	478,722	224,224	277,915	479,860	110,739

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

3 months ended 31 March 2012	3 months ended 31 March 2011
22,500	20,250
4,000	3,500
18,564	16,710

NOTES**to the 31 March 2012 condensed interim financial information**

Bahraini dinars

9 Segmental information:

2012 (Reviewed)	Chicken	Feeds	Chicks	Investments	Unallocated	Total
Net Sales	1,951,324	1,143,008	465,472	-	-	3,559,804
Cost of sales	(1,808,967)	(1,416,431)	(518,857)	-	-	(3,744,255)
Gross profit / (loss)	142,357	(273,423)	(53,385)	-	-	(184,451)
Other operating expenses	(60,060)	(47,028)	(17,227)	-	-	(124,315)
Profit/ (loss) from operations before government subsidy	82,297	(320,451)	(70,612)	-	-	(308,766)
Government subsidy	243,257	251,756	-	-	-	495,013
Profit/ (loss) from operations	325,554	(68,695)	(70,612)	-	-	186,247
Investments income and others	1,077	371	-	155,991	3,553	160,992
Impairment of AFS Investments	-	-	-	(4,398)	-	(4,398)
Segment profit/ (loss) for the period	326,631	(68,324)	(70,612)	151,593	3,553	342,841
Total segment assets	1,532,141	1,443,975	489,102	7,052,535	4,831,758	15,349,511
Total segment liabilities	248,458	306,560	76,059	-	873,993	1,505,070

NOTES**to the 31 March 2012 condensed interim financial information**

Bahraini dinars

9 Segmental information (continued):

2011 (Reviewed)	Chicken	Feeds	Chicks	Investments	Unallocated	Total
Net Sales	1,448,364	1,104,606	423,940	-	-	2,976,910
Cost of sales	(1,464,565)	(1,307,896)	(502,467)	-	-	(3,274,928)
Gross profit / (loss)	(16,201)	(203,290)	(78,527)	-	-	(298,018)
Other operating expenses	(47,016)	(41,987)	(16,131)	-	-	(105,134)
(loss) from operations before government subsidy	(63,217)	(245,277)	(94,658)	-	-	(403,152)
Government subsidy	179,900	249,063	-	-	-	428,963
Profit/ (loss) from operations	116,683	3,786	(94,658)	-	-	25,811
Investments income and others	-	-	5,050	396,637	-	401,687
Provision for impairment of AFS investments	-	-	-	(215)	-	(215)
Segment profit/ (loss) for the period	116,683	3,786	(89,608)	396,422	-	427,283

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 three months ended 31 March 2012****Bahraini dinars****Schedule (1): Quantities produced & sold**

	3 months ended 31 March 2012	3 months ended 31 March 2011
Quantities sold		
Chicken	2,027,142 KG	1,499,164 KG
Feed	8,531 ton	8,285 ton
Chicks	2,449,854 chicks	2,231,266 chicks
Quantities produced		
Chicken	2,062,319 KG	1,525,579 KG
Feed	8,629 ton	8,271 ton
Chicks	2,498,850 chicks	2,275,880 chicks