



**Delmon Poultry Company B.S.C**  
**CONDENSED INTERIM FINANCIAL  
INFORMATION**

**30 September 2012**

**CONDENSED INTERIM FINANCIAL INFORMATION  
for the nine months ended 30 September 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**

4 November 2012

### **Introduction**

We have reviewed the accompanying condensed statement of financial position of Delmon Poultry Company BSC (the "Company") as at 30 September 2012, the condensed statements of income, comprehensive income, changes in equity and cash flows for the nine 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*.

A handwritten signature in blue ink that reads "KPMG" in a stylized, cursive font. The letters are interconnected, with a horizontal line underneath the "K" and "M".

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2012**

Bahraini dinars

	30 September 2012 (reviewed)	31 December 2011 (audited)
<b>CURRENT ASSETS</b>		
Cash and bank balances	76,058	262,112
Short-term deposits	3,539,611	3,028,364
Term deposits	1,005,554	-
Trade receivables	845,999	741,858
Accrued income and other receivables	934,588	1,696,500
Inventory	1,381,895	1,669,613
 Total current assets	 7,783,705	 7,398,447
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	3,751,186	4,288,711
Held-to-maturity investments	500,000	500,000
Investment in an associate company	2,101,384	2,096,809
Property, plant and equipment	625,114	493,886
 Total non-current assets	 6,977,684	 7,379,406
<b>TOTAL ASSETS</b>	<b>14,761,389</b>	<b>14,777,853</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	49,644	184,721
Accrued expenses and other payables	570,683	602,187
 Total current liabilities	 620,327	 786,908
<b>NON-CURRENT LIABILITIES</b>		
Provision for indemnity	37,920	33,006
<b>TOTAL LIABILITIES</b>	<b>658,247</b>	<b>819,914</b>
<b>EQUITY</b>		
Share capital	3,069,097	3,069,097
Reserves	8,143,714	8,234,896
Retained earnings	2,890,331	2,653,946
 TOTAL EQUITY (page 5,6)	 14,103,142	 13,957,939
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,761,389</b>	<b>14,777,853</b>



Yousuf Saleh Al-Saleh  
Chairman



Abdulnabi Naser Salman  
Vice chairman

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 4 November 2012.

**CONDENSED STATEMENT OF INCOME**  
for the nine months ended 30 September 2012

Bahraini dinars

	<b>2012</b>		
	<b>3 months ended 31 March (reviewed)</b>	<b>3 months ended 30 June (reviewed)</b>	<b>9 months ended 30 September (reviewed)</b>
<b>NET SALES</b>	<b>3,559,804 (3,744,255)</b>	<b>3,432,499 (3,602,826)</b>	<b>10,653,005 (11,258,189)</b>
<b>GROSS LOSS</b>	<b>(184,451)</b>	<b>(170,327)</b>	<b>(605,184)</b>
OTHER OPERATING EXPENSES	(124,315)	(170,642)	(448,106)
<b>OPERATING LOSS BEFORE GOVERNMENT SUBSIDY</b>	<b>(308,766)</b>	<b>(340,969)</b>	<b>(1,053,290)</b>
GOVERNEMENT SUBSIDY	495,013	485,062	1,531,378
<b>PROFIT FROM OPERATIONS</b>	<b>186,247</b>	<b>144,093</b>	<b>478,088</b>
Investment income	145,134	47,160	67,077
Share of profit/ (loss) in an associate company	10,857	(5,541)	150,631
Other income	5,001	451	400
Impairment of AFS investments	(4,398)	(41,180)	(45,978)
<b>PROFIT FOR THE PERIOD</b>	<b>342,841</b>	<b>144,983</b>	<b>853,280</b>

Basic earnings per share of 100 fils  
each

	<b>2011</b>		
	<b>3 months ended 31 March (reviewed)</b>	<b>3 months ended 30 June (reviewed)</b>	<b>9 months ended 30 September (reviewed)</b>
	11.11	4.70	11.85
			<b>27.66</b>

	<b>2011</b>		
	<b>3 months ended 31 March (reviewed)</b>	<b>3 months ended 30 June (reviewed)</b>	<b>9 months ended 30 September (reviewed)</b>
	13.85	9.05	10.11
			<b>33.02</b>



Abdulkhabib Naser Salman  
Vice chairman

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 4 November 2012.



Yousef Saleh Al-Saleh  
Chairman

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
for the nine months ended 30 September 2012**

Bahraini dinars

	2012			2011		
	3 months ended 31 March (reviewed)	3 months ended 30 June (reviewed)	3 months ended 30 September (reviewed)	3 months ended 31 March (reviewed)	3 months ended 30 June (reviewed)	3 months ended 30 September (reviewed)
<b>Profit for the period</b>	<b>342,841</b>	<b>144,983</b>	<b>365,456</b>	<b>853,280</b>	<b>427,283</b>	<b>279,244</b>
<b>Other comprehensive income:</b>						
Fair value reserve (AFS investments):						
-Net change in investments fair value	133,143	(68,270)	(146,879)	(82,006)	40,852	(187,874)
-Company's share in associate's net change in investments fair value	23,015	(12,208)	5,526	16,333	(9,504)	(14,049)
-Transferred to income statement on impairment of investments	4,398	367	400	5,165	215	45,752
-Transferred to income statement on sale of investments	-	(16,686)	(13,988)	(30,674)	(11,340)	(60,697)
<b>Other comprehensive income for the period</b>	<b>160,556</b>	<b>(96,797)</b>	<b>(154,941)</b>	<b>(91,182)</b>	<b>20,223</b>	<b>(216,868)</b>
<b>Total comprehensive income for the period</b>	<b>503,397</b>	<b>48,186</b>	<b>210,515</b>	<b>762,098</b>	<b>447,506</b>	<b>62,376</b>

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

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the nine months ended 30 September 2012**

Bahraini dinars

<b>2012 (reviewed)</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Reserves</b>				<b>Retained earnings</b>	<b>Total</b>
			<b>Statutory reserve</b>	<b>General reserve</b>	<b>Development and raw material reserve</b>	<b>Investments fair value reserve</b>		
<b>As at 1 January 2012</b>	<b>3,120,928</b>	<b>(51,831)</b>	<b>1,560,464</b>	<b>3,993,000</b>	<b>1,000,000</b>	<b>1,681,432</b>	<b>2,653,946</b>	<b>13,957,939</b>
<b>Total comprehensive income for the period:</b>								
<b>Profit for the period</b>	-	-	-	-	-	-	<b>853,280</b>	<b>853,280</b>
<b>Other comprehensive income:</b>								
Fair value reserve (AFS investments):								
-Change in investments fair value	-	-	-	-	-	(82,006)	-	(82,006)
-Company's share in associate's net change in investments fair value	-	-	-	-	-	16,333	-	16,333
-Transferred to income statement on impairment of investments	-	-	-	-	-	5,165	-	5,165
-Transferred to income statement on sale of investments	-	-	-	-	-	(30,674)	-	(30,674)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(91,182)</b>	<b>-</b>	<b>(91,182)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(91,182)</b>	<b>853,280</b>	<b>762,098</b>
Dividend distributed for 2011	-	-	-	-	-	-	(616,895)	(616,895)
<b>At 30 September 2012</b>	<b>3,120,928</b>	<b>(51,831)</b>	<b>1,560,464</b>	<b>3,993,000</b>	<b>1,000,000</b>	<b>1,590,250</b>	<b>2,890,331</b>	<b>14,103,142</b>

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the nine months ended 30 September 2012**

Bahraini dinars

	Share capital	Treasury shares	Statutory reserve	Reserves			Retained earnings	Total
				General reserve	Development and raw material reserve	Investments fair value reserve		
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
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	1,018,359	1,018,359
Other comprehensive income:								
Fair value reserve (AFS investments):								
-Change in investments fair value	-	-	-	-	-	(233,876)	-	(233,876)
-Company's share in associate's net change in investments fair value	-	-	-	-	-	(42,976)	-	(42,976)
-Transferred to income statement on impairment of investments	-	-	-	-	-	52,494	-	52,494
-Transferred to income statement on sale of investments	-	-	-	-	-	(71,845)	-	(71,845)
Total other comprehensive income for the period	-	-	-	-	-	(296,203)	-	(296,203)
Total comprehensive income for the period	-	-	-	-	-	(296,203)	1,018,359	722,156
Dividend distributed for 2010	-	-	-	-	-	-	(616,895)	(616,895)
At 30 September 2011	3,120,928	(51,831)	1,516,749	3,993,000	1,000,000	1,856,198	2,545,083	13,980,127

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the nine months ended 30 September 2012**

Bahraini dinars

	<b>9 months ended 30 September 2012 (reviewed)</b>	<b>9 months ended 30 September 2011 (reviewed)</b>
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	8,567,989	7,348,221
Subsidy received from Government of Bahrain	3,147,753	1,269,356
Payments to suppliers	(8,714,908)	(7,419,101)
Payments to employees and others	(1,276,980)	(1,295,167)
Directors' remuneration paid	(90,000)	(81,000)
<b>Cash flows from operating operations</b>	<b>1,633,854</b>	<b>(177,691)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(324,598)	(33,893)
Purchase of held-to-maturity investment	-	(500,000)
Proceeds from maturity/ sale of AFS investments	195,532	260,960
Dividends received from associate company	167,706	127,776
Interests and dividends received	255,223	253,734
Placement of term deposits	(1,005,554)	-
<b>Cash flows from investing activities</b>	<b>(711,691)</b>	<b>108,577</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(596,970)	(592,141)
<b>Cash flows from financing activities</b>	<b>(596,970)</b>	<b>(592,141)</b>
<b>Net increase/ (decrease) in cash flows</b>	<b>325,193</b>	<b>(661,255)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>3,290,476</b>	<b>4,528,944</b>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>3,615,669</b>	<b>3,867,689</b>
Comprising:		
Cash and bank balances	76,058	851,340
Short-term deposits	3,539,611	3,016,349
	<b>3,615,669</b>	<b>3,867,689</b>

**NOTES****to the 30 September 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 condensed interim financial information for the nine months ended 30 September 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 853,280 (2011: BD 1,018,359) divided by the average weighted number of shares (minus treasury shares) for the period ended 30 September 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:

20% cash dividends of share nominal value  
 Transfer 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 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 September 2012 condensed interim financial information**

Bahraini dinars

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

	30 September 2012			31 December 2011	30 September 2011	
	Receivables	Sales	Purchases	Receivables	Sales	Purchases
Major shareholders	131,843	932,244	-	214,352	693,127	-
Entities controlled by directors	35,398	324,311	454,900	42,338	271,601	468,622
Associate	4,888	16,646	-	21,225	58,783	-
<b>Total</b>	<b>172,129</b>	<b>1,273,201</b>	<b>454,900</b>	<b>277,915</b>	<b>1,023,511</b>	<b>468,622</b>

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

9 months ended 30 September 2012	9 months ended 30 September 2011
67,500	60,750
15,000	13,500
55,185	52,550

**NOTES****to the 30 September 2012 condensed interim financial information****Bahraini dinars****9 Segmental information:**

<b>2012 (Reviewed)</b>	<b>Chicken</b>	<b>Feeds</b>	<b>Chicks</b>	<b>Investments</b>	<b>Unallocated</b>	<b>Total</b>
Net Sales	5,993,902	3,278,674	1,380,429	-	-	10,653,005
Cost of sales	(5,529,780)	(4,200,237)	(1,528,172)	-	-	(11,258,189)
<b>Gross profit / (loss)</b>	<b>464,122</b>	<b>(921,563)</b>	<b>(147,743)</b>	<b>-</b>	<b>-</b>	<b>(605,184)</b>
Other operating expenses	(220,100)	(167,181)	(60,825)	-	-	(448,106)
<b>Profit/ (loss) from operations before government subsidy</b>	<b>244,022</b>	<b>(1,088,744)</b>	<b>(208,568)</b>	<b>-</b>	<b>-</b>	<b>(1,053,290)</b>
Government subsidy	749,243	782,135	-	-	-	1,531,378
<b>Profit/ (loss) from operations</b>	<b>993,265</b>	<b>(306,609)</b>	<b>(208,568)</b>	<b>-</b>	<b>-</b>	<b>478,088</b>
Investments income and others	1,043	1,186	-	259,371	3,623	265,223
Share of profit in an associate company	-	-	-	155,947	-	155,947
Provision for impairment of AFS investments	-	-	-	(45,978)	-	(45,978)
<b>Segment profit/ (loss) for the period</b>	<b>994,308</b>	<b>(305,423)</b>	<b>(208,568)</b>	<b>369,340</b>	<b>3,623</b>	<b>853,280</b>

<b>Total segment assets</b>	<b>1,858,961</b>	<b>1,230,615</b>	<b>313,660</b>	<b>6,352,570</b>	<b>5,005,583</b>	<b>14,761,389</b>
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<b>Total segment liabilities</b>	<b>165,295</b>	<b>113,537</b>	<b>45,489</b>	<b>-</b>	<b>333,926</b>	<b>658,247</b>
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**NOTES****to the 30 September 2012 condensed interim financial information**

Bahraini dinars

**9 Segmental information (continued):**

2011 (Reviewed)	Chicken	Feeds	Chicks	Investments	Unallocated	Total
Net Sales	5,181,562	2,867,647	1,250,396	-	-	9,299,605
Cost of sales	(4,925,991)	(3,761,053)	(1,503,653)	-	-	(10,190,697)
Gross profit / (loss)	255,571	(893,406)	(253,257)	-	-	(891,092)
Other operating expenses	(179,670)	(137,180)	(54,844)	-	-	(371,694)
Profit/ (loss) from operations before government subsidy	75,901	(1,030,586)	(308,101)	-	-	(1,262,786)
Government subsidy	641,062	732,807	-	-	-	1,373,869
Profit/ (loss) from operations	716,963	(297,779)	(308,101)	-	-	111,083
Investments income and others	22	10,037	-	284,792	4,546	299,397
Share of profit in an associate company	-	-	-	660,373	-	660,373
Provision for impairment of AFS investments	-	-	-	(52,494)	-	(52,494)
Segment profit/ (loss) for the period	716,985	(287,742)	(308,101)	892,671	4,546	1,018,359

As at 31 December 2011:

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 nine months ended 30 September 2012****Bahraini dinars****Schedule (1): Quantities produced & sold****Quantities sold**

	<b>9 months ended 30 September 2012</b>
Chicken	6,243,694 KG
Feed	25,043 ton
Chicks	7,265,415 chicks

<b>9 months ended 30 September 2011</b>
5,342,170 KG
22,492 ton
6,580,887 chicks

**Quantities produced**

Chicken	6,414,309 KG
Feed	25,551 ton
Chicks	7,410,720 chicks

5,391,311 KG
23,029 ton
6,713,560 chicks