

Delmon Poultry Company B.S.C.

Condensed interim financial information
for the quarter and six months period ended
30 June 2014
(Reviewed)

Delmon Poultry Company B.S.C.
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for the quarter and six months period ended 30 June 2014
(Reviewed)

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Delmon Poultry Company B.S.C.
Administration and contact details as at 30 June 2014

Commercial registration	10700 obtained on 21 July 1980
Board of directors	Abdul Rahman Mohamed Jamsheer (<i>Chairman</i>) Jaffar Habib Ahmed (Vice Chairman) Yousuf Saleh Al Saleh Abdulredha Mohamed Al Daylami Abdulhussain Khalil Dewani Ebrahim Abdali Al Daaysi Jaffar Mohamed Ali Al Dhaif Talal Mohamed Abdulla Al Mannai Mohamed Jehad Bukamal
Executive Committee	Yousuf Saleh Al Saleh (<i>Chairman</i>) AbdulRahman Mohamed Jamsheer (Vice Chairman) Jaffar Habib Ahmed Abdulhussain Khalil Dewani
Audit Committee	Abdulredha Mohamed Al Daylami (<i>Chairman</i>) Talal Mohamed Abdulla Al Mannai Jaffar Mohamed Ali Al Dhaif Mohamed Jehad Bukamal
Governance Committee	Ebrahim Abdali Al Daaysi (<i>Chairman</i>) Jaffar Habib Ahmed Abdulredha Mohamed Al Daylami
Nomination and Remuneration Committee	Talal Mohamed Abdulla Al Mannai (<i>Chairman</i>) Ebrahim Abdali Al Daaysi Mohamed Jehad Bukamal
General Manager	Abdul Karim Ismaeel Al Alawi
Offices and plants	Administration and chicken processing plant Hamala, PO Box 20535 Telephone 17608282 Fax 17601930 Email: kalalawi@dawajen.bh Website: www.dawajen.bh
	Feedmill - Mina Salman Telephone 17727705
	Chick hatchery - Al-Buhair Telephone 17624832

Delmon Poultry Company B.S.C.
Administration and contact details as at 30 June 2014 (continued)

Principal bankers	Ahli United Bank Bahrain Islamic Bank Bank of Bahrain and Kuwait National Bank of Bahrain
Auditors	BDO 17 th Floor Diplomatic Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain
Internal Auditor	Grant Thornton - Abdulaal 12th Floor, Al Nakeel Tower Seef District PO Box 11175 Kingdom Of Bahrain
Share registrar	Fakhro Karvy Computer Share W.L.L. PO Box 514 Manama Kingdom of Bahrain

**Review report on the condensed interim financial information
to the Board of Directors of Delmon Poultry Company B.S.C.**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Delmon Poultry Company B.S.C. (the "Company") as at 30 June 2014, the condensed interim statement of profit and loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in shareholders' equity, the condensed interim statement of cash flows for the quarter and six months period then ended and selected explanatory information. The Company's Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 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 International Standard on Review Engagements 2410 - "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of condensed 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 does not present fairly, in all material respects, the financial position of the Company as at 30 June 2014, and its financial performance and its cash flows for the quarter and six months period then ended in accordance with International Accounting Standard 34 - "*Interim Financial Reporting*".

BDO

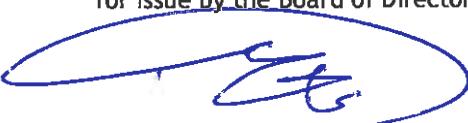


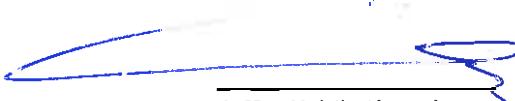
Manama, Kingdom of Bahrain
24 July 2014

Delmon Poultry Company B.S.C.
Condensed interim statement of financial position as at 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)

	30 June 2014 (Reviewed)	31 December 2013 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,044,652	998,756
Investment in an associate company	2,305,960	2,347,477
Available-for-sale investments	3,864,776	3,532,366
Held-to-maturity investments	<u>750,000</u>	<u>750,000</u>
Total non-current assets	<u>7,965,388</u>	<u>7,628,599</u>
Current assets		
Inventories	1,984,348	1,444,276
Trade and other receivables	1,179,067	1,320,824
Term deposits	1,002,187	1,102,820
Cash and cash equivalents	<u>3,593,903</u>	<u>4,017,584</u>
	<u>7,759,505</u>	<u>7,885,504</u>
Total current assets	<u>15,724,893</u>	<u>15,514,103</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	3,120,928	3,120,928
Less: Treasury shares	<u>(59,857)</u>	<u>(59,857)</u>
	<u>3,061,071</u>	<u>3,061,071</u>
Statutory reserve	1,560,464	1,560,464
General reserve	3,993,000	3,993,000
Development and raw material reserve	1,000,000	1,000,000
Investment fair value reserve	2,376,253	1,864,748
Retained earnings	<u>3,044,639</u>	<u>3,391,237</u>
Total shareholders' equity	<u>15,035,427</u>	<u>14,870,520</u>
Non-current liabilities		
Provision for indemnity	<u>20,232</u>	<u>16,938</u>
Total non-current liabilities	<u>20,232</u>	<u>16,938</u>
Current liabilities		
Trade and other payables	<u>669,234</u>	<u>626,645</u>
Total current liabilities	<u>669,234</u>	<u>626,645</u>
TOTAL EQUITY AND LIABILITIES	<u>15,724,893</u>	<u>15,514,103</u>

The reviewed condensed interim financial information, set out on pages 5 to 15, was approved for issue by the Board of Directors on 24 July 2014 and signed on their behalf by:


Abdul Rahman Mohamed Jamsheer
Chairman


Jaffar Habib Ahmed
Vice chairman

Delmon Poultry Company B.S.C.
Condensed interim statement of profit and loss
for the quarter and six months period ended 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)

	Quarter ended <u>30 June 2014</u> (Reviewed)	Quarter ended <u>30 June 2013</u> (Reviewed)	Six months period ended <u>30 June 2014</u> (Reviewed)	Six months period ended <u>30 June 2013</u> (Reviewed)
Sales	2,843,163	3,736,707	5,835,106	7,104,327
Cost of sales	(3,163,881)	(4,141,145)	(6,442,975)	(7,814,633)
Gross loss for the period	(320,718)	(404,438)	(607,869)	(710,306)
Other operating expenses	(174,369)	(145,937)	(357,469)	(328,868)
Operating loss before government subsidy	(495,087)	(550,375)	(965,338)	(1,039,174)
Government Subsidy	436,450	561,129	898,551	1,030,137
Profit/(loss) from operations	(58,637)	10,754	(66,787)	(9,037)
Investment income	31,918	68,346	273,633	199,703
Share of profit in an associate Company	41,245	53,536	93,443	121,899
Other income	6,768	2,792	7,539	5,401
Impairment of available for-sale Investments	(19,100)	-	(38,200)	(20,922)
Net profit for the period	2,194	135,428	269,628	297,044
Basic earnings per share (fils)	0.07	4.40	8.75	9.64

Delmon Poultry Company B.S.C.
Condensed interim statement of comprehensive income
for the quarter and six months period ended 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)

	Quarter ended <u>30 June 2014</u> (Reviewed)	Quarter ended <u>30 June 2013</u> (Reviewed)	Six months period ended <u>30 June 2014</u> (Reviewed)	Six months period ended <u>30 June 2013</u> (Reviewed)
Net profit for the period	2,194	135,428	269,628	297,044
Other comprehensive income				
<i>Items that may be reclassified into profit or loss</i>				
Unrealised fair values gains on available-for-sale investments	195,404	44,121	490,429	134,481
Transferred to statement of profit or loss on sale/ maturity of available-for-sale-investments			(28,441)	
Company's share in associate's net change in investments' fair value	<u>24,281</u>	<u>(1,770)</u>	<u>49,517</u>	<u>6,652</u>
Total other comprehensive income for the period	<u>219,685</u>	<u>42,351</u>	<u>511,505</u>	<u>141,133</u>
Total comprehensive income for the period	<u>221,879</u>	<u>177,779</u>	<u>781,133</u>	<u>438,177</u>

Delmon Poultry Company B.S.C.
Condensed interim statement of changes in shareholders' equity for the six months period ended 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Development and raw material reserve</u>	<u>Investment fair value reserve</u>	<u>Retained earnings</u>	<u>Total</u>
2013 (Reviewed)								
As at 1 January 2013	3,120,928	(59,857)	1,560,464	3,993,000	1,000,000	1,699,614	3,207,064	14,521,213
Total comprehensive income for the period								
Dividend distributed for 2012								
At 30 June 2013	<u>3,120,928</u>	<u>(59,857)</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>1,840,747</u>	<u>2,887,882</u>	<u>14,343,164</u>
2014 (Reviewed)								
As at 1 January 2014	3,120,928	(59,857)	1,560,464	3,993,000	1,000,000	1,864,748	3,391,237	14,870,520
Total comprehensive income for the period								
Dividend distributed for 2013								
At 30 June 2014	<u>3,120,928</u>	<u>(59,857)</u>	<u>1,560,464</u>	<u>3,993,000</u>	<u>1,000,000</u>	<u>2,376,253</u>	<u>3,044,639</u>	<u>15,035,427</u>

Delmon Poultry Company B.S.C.
Condensed interim statement of cash flows
for the quarter and six months period ended 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)

	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Operating activities		
Cash received from customers	4,674,378	5,957,968
Subsidy received from Government of Bahrain	1,156,239	1,760,910
Payments to suppliers	(5,301,026)	(5,906,175)
Payments to employees and others	(838,096)	(893,078)
Directors' remuneration paid	<u>(71,594)</u>	<u>(90,000)</u>
Net cash (used in)/provided by operating activities	<u>(380,099)</u>	<u>829,625</u>
Investing activities		
Purchase of Property, plant and equipment	(109,214)	(187,385)
Purchase of available-for-sale investments		(2,000)
Proceeds from maturity of available for-sale-investments	97,601	154,924
Proceeds from sale of property, plant and equipment	3,100	878
Net movement in term deposit	100,633	(1,400,000)
Dividends received from the investment in an associate company	184,477	184,477
Interests and dividends received	<u>264,668</u>	<u>170,485</u>
Net cash provided by/(used in) investing activities	<u>541,265</u>	<u>(1,078,621)</u>
Financing activities		
Dividends paid	<u>(584,847)</u>	<u>(591,223)</u>
Net cash used in financing activities	<u>(584,847)</u>	<u>(591,223)</u>
Net decrease in cash and cash equivalents	(423,681)	(840,219)
Cash and cash equivalents, beginning of the period	<u>4,017,584</u>	<u>4,545,980</u>
Cash and cash equivalents, end of the period	<u>3,593,903</u>	<u>3,705,761</u>

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
for the quarter and six months period ended 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)

1 Organisation and activities

Delmon Poultry Company B.S.C. ("the Company") is a public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 10700 obtained on 21 July 1980.

The principal objects of the company include establishing or investing in:

- Facilities for processing, packing and storing frozen chicken;
- Feed factories;
- Integrated project for broiler meat;
- Distribution network affording easy accessibility for consumers; and
- 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.

2 Basis of preparation

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting". The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements prepared as at, and for the year ended, 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in annual audited financial statements of the Company for the year ended 31 December 2013, as described in those annual audited financial statements.

These financial statements have been prepared under the historical cost convention, modified by the valuation of available-for-sale investments which are measured at their fair values.

The financials information has been presented in Bahraini Dinar (BD) which is also the functional currency of the Company.

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
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2 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in 2014 but not relevant

The following new standards, amendments to existing standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2014 or subsequent periods, but are not relevant to the Company's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 27	Separate Financial Statements	1 January 2014
IAS 32	Financial Instruments - Presentation	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 39	Financial Instruments - Recognition and Measurement	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities	1 January 2014
IFRIC 21	Levies	1 January 2014

Improvements/amendments to IFRS 2011/2013 cycle

Improvements/amendments to IFRS issued in 2011/2013 cycle contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Company's annual audited financial statements beginning on or after 1 January 2014 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations issued but not yet effective in 2014

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2014 or subsequent periods have not been early adopted by the Company's management:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 16	Property, Plant and Equipment	1 July 2014
IAS 19	Employee Benefits	1 July 2014
IAS 24	Related Party Disclosures	1 July 2014
IAS 38	Intangible Assets	1 July 2014
IAS 40	Investment Property	1 July 2014
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 July 2014
IFRS 2	Share Based Payment	1 July 2014
IFRS 3	Business Combinations	1 July 2014
IFRS 7	Financial Instruments - Disclosures	1 January 2015
IFRS 8	Operating Segments	1 July 2014
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2015
IFRS 13	Fair Value Measurement	1 July 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
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2 Basis of preparation (continued)

There would have been no change in the operational results of the Company for the period ended 30 June 2014 had the Company early adopted any of the above standards applicable to the Company, except for the adoption of IFRS 9 would result impact the classification and measurement of certain financial assets and liabilities.

Early adoption of amendments or standards in 2014

The Company did not early-adopt any new or amended standards in 2014.

3 Earnings per share

	Quarter ended <u>30 June 2014</u>	Quarter ended <u>30 June 2013</u>	Six months period ended <u>30 June 2014</u>	Six months period ended <u>30 June 2013</u>
Net profit for the period	<u>2,194</u>	<u>135,428</u>	<u>269,628</u>	<u>297,044</u>
Weighted average number of shares outstanding	<u>30,811,295</u>	<u>30,811,295</u>	<u>30,811,295</u>	<u>30,811,295</u>
Earnings per share (fils)	<u>0.07</u>	<u>4.40</u>	<u>8.75</u>	<u>9.64</u>

The earnings per share has been computed on the basis of net profit for the six months ended 30 June divided by the weighted average number of shares outstanding for the period total of 31,209,277, net of 397,982 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.

4 Appropriations

The Annual General Meeting of shareholders has approved 20% cash dividends of share nominal value amounting to BD616,226 (2013: BD616,226). Directors' remuneration of BD71,594 for the year 2013 (2012:BD90,000) were also approved.

5 Transactions 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 normal commercial basis.

Delmon Poultry Company B.S.C.

**Selected explanatory notes to the condensed interim financial information
for the quarter and six months period ended 30 June 2014
(Reviewed)
(Expressed in Bahrain Dinars)**

5 Transactions with related parties (continued)

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

	Receivables	30 June 2014		31 December 2013		30 June 2013	
		Sales	Purchases	Receivables	Sales	Purchases	
Major shareholders	14,661	35,654	-	44,300	484,356	-	
Entities controlled by directors	29,124	195,624	205,453	8,668	208,976	311,899	
Associate Company	4,500	15,250	-	98	1,556	-	
Total	48,285	246,528	205,453	53,066	694,888	311,899	

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 key management personnel compensation is as follows:

	Six months period ended <u>30 June 2014</u>	Six months period ended <u>30 June 2013</u>
Board of directors remuneration	35,798	45,000
Board of directors attendance fees	15,900	12,850
Salaries and other benefits	36,427	37,502

6 Property, plant and equipment

Additions to property, plant and equipment during the six month period ended 30 June 2014 amounted to BD109,214 (30 June 2013: BD187,385). There were disposals in the property, plant and equipment during the six month period ended 30 June 2014 amounting to BD33,294 (30 June 2013: BD59,684).

Delmon Poultry Company B.S.C.
Selected explanatory notes to the condensed interim financial information
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(Reviewed)
(Expressed in Bahrain Dinars)

7 Segmental information:

As at and for the six months period ended 30 June 2014 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	3,418,560	1,535,050	881,496	-	-	5,835,106
Cost of sales	(3,223,914)	(2,197,626)	(1,021,435)	-	-	(6,442,975)
Gross profit/(loss)	194,646	(662,576)	(139,939)	-	-	(607,869)
Other operating expenses	(178,870)	(121,928)	(56,671)	-	-	(357,469)
Profit/ (loss) from operations before government subsidy	15,776	(784,504)	(196,610)			(965,338)
Government subsidy	<u>426,532</u>	<u>472,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>898,551</u>
Profit/(loss) from operations	442,308	(312,485)	(196,610)			(66,787)
Investments income	-	-	-	367,076	-	367,076
Other income/(loss)	-	-	-	-	7,539	7,539
Impairment of AFS investment	-	-	-	(38,200)	-	(38,200)
Segment profit/ (loss) for the period	442,308	(312,485)	(196,610)	328,876	7,539	269,628
Total segment assets	1,415,407	1,923,330	532,332	11,516,827	336,997	15,724,893
Total segment liabilities	191,191	148,408	8,154	-	341,713	689,466

Delmon Poultry Company B.S.C.

**Selected explanatory notes to the condensed interim financial information
for the quarter and six months period ended 30 June 2014**
(Reviewed)
(Expressed in Bahrain Dinars)

7 Segmental information (continued)

As at 31 December 2013 and for the six months ended 30 June 2013 (Reviewed)

	<u>Chicken</u>	<u>Feeds</u>	<u>Chicks</u>	<u>Investments</u>	<u>Unallocated</u>	<u>Total</u>
Sales	3,921,253	2,267,844	915,230	-	-	7,104,327
Cost of sales	(3,646,255)	(3,146,161)	(1,022,217)	-	-	(7,814,633)
Gross profit/(loss)	274,998	(878,317)	(106,987)	-	-	(710,306)
Other operating expenses	(153,449)	(132,403)	(43,016)	-	-	(328,868)
Profit/ (loss) from operations before government subsidy	121,549	(1,010,720)	(150,003)	-	-	(1,039,174)
Government subsidy	486,743	543,394	-	-	-	1,030,137
Profit/(loss) from operations	608,292	(467,326)	(150,003)	-	-	(9,037)
Investments income	-	-	-	321,602	-	321,602
Other income/(loss)	1,502	309	(467)	4,057	-	5,401
Impairment of AFS investment	-	-	-	(20,922)	-	(20,922)
Segment profit/ (loss) for the period	609,794	(467,017)	(150,470)	304,737	-	297,044
Total segment assets	1,698,088	1,145,497	332,419	6,391,619	5,495,786	15,063,409
Total segment liabilities	247,895	50,874	60,535	-	360,941	720,245

8 Interim results

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.

9 Subsequent events

There were no events subsequent to 30 June 2014 and occurring before the date of the approval of the statement of financial information that are expected to have a significant impact on this statement of financial information.

Delmon Poultry Company B.S.C.
Additional information (Not reviewed)
(Expressed in Bahrain Dinars)

Schedule (1): Quantities produced & sold

	<u>Six months period ended 30 June 2014</u>	<u>Six months period ended 30 June 2013</u>
Quantities sold		
Chicken	3,554,430 KG	4,056,364 KG
Feed	12,936 ton	17,353 ton
Chicks	4,639,453 chicks	4,816,999 chicks
Quantities produced		
Chicken	3,524,007 KG	4,163,278 KG
Feed	13,002 ton	17,453 ton
Chicks	4,734,540 chicks	4,915,300 chicks