

NATIONAL POULTRY COMPANY  
الشركة الوطنية للدواجن



جورج عازر  
٥ / ١٨  
٤٣

السادة/ هيئة الأوراق المالية المحترمين

التاريخ : 2017/05/17  
الرقم : 284 / R / 17

عمان - الأردن

الموضوع : البيانات المالية كما في 2017/03/31

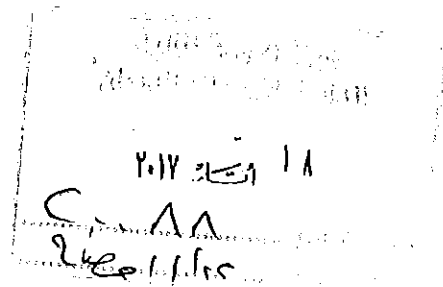
تحية طيبة وبعد،،،

نرفق لكم طياً ما يلي :

- البيانات المالية الصادرة عن مدقي حساباتنا السادة / أرنست ويونغ كما هي في 2017 /03/31 باللغة الانجليزية .

وتفضلوا بقبول فائق الاحترام ،،،

عن / الشركة الوطنية للدواجن



**NATIONAL POULTRY COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2017**

**REPORT ON REVIEW OF  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF NATIONAL POULTRY COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of National Poultry Company (Public Shareholding Company) (the Company) and its subsidiaries (the Group) as at 31 March 2017, comprising of the interim consolidated statement of financial position as at 31 March 2017 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 Interim financial information consists of making inquiries, primarily of persons responsible for the 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan  
27 April 2017

*Ernst & Young*

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2017**

	Notes	31 March 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b><u>ASSETS</u></b>			
<b>Non-current assets -</b>			
Property, plant and equipment	3	34,716,740	35,562,635
<b>Current assets -</b>			
Biological assets – mature and productive		1,176,311	1,497,761
Biological assets - immature		1,965,244	1,125,143
<b>Total biological assets</b>		<b>3,141,555</b>	<b>2,622,904</b>
Inventories		20,290,456	17,176,017
Accounts receivable and other current assets		18,359,414	17,254,336
Due from related parties	5	294,247	1,719,684
Cash on hand and bank balances		683,617	910,545
		<b>39,627,734</b>	<b>37,060,582</b>
<b>TOTAL ASSETS</b>		<b>77,486,029</b>	<b>75,246,121</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' equity</b>			
Paid in capital	1	30,000,000	30,000,000
Statutory reserve		1,854,839	1,854,839
Retained earnings		34,904,085	35,787,036
<b>Total shareholders' equity</b>		<b>66,758,924</b>	<b>67,641,875</b>
<b><u>LIABILITIES</u></b>			
<b>Current liabilities-</b>			
Accounts payable and other current liabilities		7,232,891	7,203,573
Due to related parties	5	3,140,560	-
Short-term notes payable		10,560	33,779
Income tax provision	4	343,094	366,894
<b>Total liabilities</b>		<b>10,727,105</b>	<b>7,604,246</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77,486,029</b>	<b>75,246,121</b>

The attached notes from 1 to 7 form part of these interim condensed consolidated financial statements

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	Note	2017 JD	2016 JD
Sales		16,231,711	15,334,679
Less: Cost of sales		(15,603,597)	(15,048,269)
		<u>628,114</u>	<u>286,410</u>
<b>Gross profit</b>			
Other revenues, net		25,324	34,158
Selling and distribution expenses		(929,260)	(855,875)
Administrative expenses		(499,234)	(475,087)
Provision for spare parts, consumables and slow moving inventory		(54,087)	-
Bank charges		(2,442)	(14,550)
		<u>(831,585)</u>	<u>(1,024,944)</u>
<b>Loss for the period before tax</b>			
Income tax	4	(51,366)	(69,513)
		<u>(882,951)</u>	<u>(1,094,457)</u>
<b>Loss for the period</b>			
Add: Other comprehensive income items		-	-
		<u>(882,951)</u>	<u>(1,094,457)</u>
<b>Total comprehensive income for the period</b>			
		<u>JD/Fils</u>	<u>JD/Fils</u>
<b>Basic and diluted loss earnings per share</b>		<u>(0/029)</u>	<u>(0/036)</u>

The attached notes from 1 to 7 form part of these interim condensed consolidated financial statements

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	Paid in capital	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD
<b>For the three months ended 31 March 2017</b>				
Balance at 1 January 2017	30,000,000	1,854,839	35,787,036	67,641,875
Total comprehensive income for the period	-	-	(882,951)	(882,951)
<b>Balance at 31 March 2017</b>	<b>30,000,000</b>	<b>1,854,839</b>	<b>34,904,085</b>	<b>66,758,924</b>
<b>For the three months ended 31 March 2016</b>				
Balance at 1 January 2016	30,000,000	1,460,559	46,990,933	78,451,492
Total comprehensive income for the period	-	-	(1,094,457)	(1,094,457)
<b>Balance at 31 March 2016</b>	<b>30,000,000</b>	<b>1,460,559</b>	<b>45,896,476</b>	<b>77,357,035</b>

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017 (UNAUDITED)**

	<u>Notes</u>	<u>31 March 2017</u>	<u>31 March 2016</u>
		JD	JD
<b><u>OPERATING ACTIVITIES</u></b>			
Loss for the period before tax		(831,585)	(1,024,944)
<b>Adjustments-</b>			
Depreciation		1,034,525	1,065,289
Loss from sale of property, plant and equipment		-	4,309
Spare parts, consumables and slow moving inventory provision		54,087	-
<b>Working capital changes</b>			
Inventories and biological assets		(3,687,177)	(5,027,380)
Accounts receivable and other current assets		(1,105,078)	(142,090)
Accounts payable and other current liabilities		29,318	397,288
Amount due from related parties		1,425,437	-
Income tax paid		(75,166)	(134,908)
<b>Net cash flows used in operating activities</b>		<u>(3,155,639)</u>	<u>(4,862,436)</u>
<b><u>INVESTING ACTIVITY</u></b>			
Purchase of property, plant and equipment	3	(188,630)	(208,185)
<b>Net cash flows used in investing activity</b>		<u>(188,630)</u>	<u>(208,185)</u>
<b><u>FINANCING ACTIVITIES</u></b>			
Short-term notes payable		(23,219)	25,540
Amounts due to related parties		3,140,560	5,839,302
<b>Net cash flows from financing activities</b>		<u>3,117,341</u>	<u>5,864,842</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		(226,928)	794,221
Cash and cash equivalents at the beginning of the period		910,545	424,180
<b>Cash and cash equivalents at the ending of the period</b>		<u>683,617</u>	<u>1,218,401</u>

The attached notes from 1 to 7 form part of these interim condensed consolidated financial statements

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2017 (UNAUDITED)**

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**1 GENERAL**

National Poultry Company ("the Company") is a public shareholding company registered and incorporated in Jordan in 1994 with an authorized and paid in capital of JD 30,000,000 divided into 30,000,000 shares at a par value of JD 1 each.

The Company's principal activities are slaughtering and marketing of chicken as well as producing chicken feed, also establishing farms to raise chicken and producing meet products.

The subsidiaries' principal activities are establishing farms to raise chicken and producing chicken feed.

The Company's head office is located in Bayader Wadi Al-Seer, Amman – Hashmite Kingdom of Jordan.

**2 BASIS OF PREPARATION**

The interim condensed consolidated financial statements as of 31 March 2017 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed financial statements have been prepared under the historical cost convention.

The interim condensed financial statement have been presented in Jordanian Dinars, which is the functional currency of the Group.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the annual financial statements as of 31 December 2016. In addition, results of the three month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

**CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017.

**Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative**

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated interim condensed financial statements.



**Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses**

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated interim condensed financial statements.

**3. PROPERTY AND EQUIPMENT**

During the three months ended March 31, 2017, the Company purchased property and equipment valued at JD 188,630 (March 31, 2016: JD 208,185).

**4. INCOME TAX**

Income tax expense for the company's business for the three months ended 31 March 2017 and 31 March 2016 represents the income tax recorded on the profits of Al-Hilal Company for Feed Production (subsidiary) in accordance with the Income Tax Law No. (34) for 2014 and feed production activity was submitted under this tax law for 14%.

A tax exemption was granted for the Chicken raising activity on 1 January 2015.

In accordance with the Investment Promotion Law, the Company is granted tax exemption of 75% of its profits relating to the meat factory operations for 10 years commencing 3 March 2008.

The Group obtained final clearance from the Income Tax Department for the years up to 2014.

The Group has submitted its self-assessment statements to the Income and Sales Tax Department for the year 2016 and 2015 and the audit of the Group's accounting records has not been completed till the date of the interim condensed consolidated financial statements.

The Group may have deferred tax assets resulting from the Group taking provisions for debts and slow moving goods. In view of the uncertainty of the realization of these assets, the Group's management considers it appropriate not to show the tax effect as deferred tax assets in the interim condensed consolidated financial statements.

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2017 (UNAUDITED)**

**5 RELATED PARTY TRANSACTIONS**

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

Delmonte Fresh Produce Company (Mother Company) opens letters of credit to purchase feed on behalf of the Group, which in its turn settles the amount of the letters of credit to Delmonte Fresh Produce Company.

The interim condensed financial statements comprise of financial statements of the company and it's subsidiaries (the "Group") as at 31 March 2017:

	<u>Percentage Of ownership</u>	<u>Country of incorporation</u>
National Poultry Farms and Hatcheries Company Ltd.	100%	Jordan
Badiyah for Juice Company Ltd.	100%	Jordan
Al-Hilal Company for Raising Chicken and Producing Feed Ltd.	100%	Jordan

Balances with related parties included in the interim condensed financial statements are as follows:

	<u>31 March 2017</u>	<u>31 December 2016</u>
<b>Due from related parties</b>	<b>JD</b>	<b>JD</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Delmonte Fresh Produce – The Parent Company	-	1,203,454
Delmonte Jordan – Sister Company	294,247	516,230
	<u>294,247</u>	<u>1,719,684</u>
Letters of credit - Delmonte Jordan – Sister Company	<u>1,394,312</u>	<u>1,769,902</u>
	<u>31 March 2017</u>	<u>31 December 2016</u>
<b>Due to related parties</b>	<b>JD</b>	<b>JD</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Delmonte Fresh Produce – The Parent Company	<u>3,140,560</u>	<u>-</u>

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2017 (UNAUDITED)**

Following is a summary of transactions with related parties included in the consolidated statement of comprehensive income:

	For three months ended	
	31 March 2017	31 March 2016
	JD (Unaudited)	JD (Unaudited)
Sales – Delmonte Dubai – Sister Company	118,094	324,672

Compensation of the key management personnel is as follows:

	For three months ended	
	31 March 2017	31 March 2016
	JD (Unaudited)	JD (Unaudited)
Salaries and other benefits	48,564	47,418

## **6 CONTINGENT LIABILITIES**

### **Bank guarantees**

As of 31 March 2017, the Group had outstanding letters of guarantee of JD 514,880 (31 December 2016: JD 453,146) with total cash margin of JD 25,744 (31 December 2016: JD 22,657) in respect of tenders and performance bonds relating to sales contracts.

### **Letters of credit**

As of 31 March 2017, the Group had outstanding letters of credit of JD 1,623,940 and cash collaterals of JD 81,197 as of 31 March 2017 (31 December 2016: JD 1,972,658 and cash collaterals of JD 98,633) in respect of purchases of machinery and equipment and raw materials. Letters of credit balance include an amount of JD 1,394,312 related to Delmonte Jordan activities (a sister Company).

### **Bills of collection**

As of 31 March 2017, bills of collection amounted to JD 10,560 (31 December 2016: JD 33,779) without cash collaterals.

### **Claims against the Group**

The Group is a defendant in a number of lawsuits amounting JD 190,059 as of 31 March 2017 (31 December 2016: JD 166,000) representing legal actions and claims related to its ordinary course of business. The management and their legal advisor believe that the provision recorded of JD 166,000 (31 December 2016: JD 166,000) is sufficient to meet the obligation that may arise from the lawsuits.

**NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2017 (UNAUDITED)**

**7 SEGMENT INFORMATION**

For reporting purposes, the Group is organized into business units based on the reports that are used by the executive director and the primary decision maker for the Group:

- Chicken slaughterhouse
- Feed
- Chicken farms
- Meat products

For three months ended 31 March 2017 (Unaudited)

	Chicken slaughterhouse JD	Feed JD	Chicken farms JD	Meat products JD	Total JD
<b>Sales</b>					
Total sales	10,654,094	10,889,646	481,635	1,767,105	23,792,480
Inter-segment sales	-	(7,560,769)	-	-	(7,560,769)
<b>External sales</b>	<u>10,654,094</u>	<u>3,328,877</u>	<u>481,635</u>	<u>1,767,105</u>	<u>16,231,711</u>

For three months ended 31 March 2016 (Unaudited)

	Chicken slaughterhouse JD	Feed JD	Chicken farms JD	Meat products JD	Total JD
<b>Sales</b>					
Total sales	9,715,303	10,483,916	236,712	2,099,731	22,535,662
Inter-segment sales	-	(7,200,983)	-	-	(7,200,983)
<b>External sales</b>	<u>9,715,303</u>	<u>3,282,933</u>	<u>236,712</u>	<u>2,099,731</u>	<u>15,334,679</u>

As of 31 March 2017 (Unaudited)

	Chicken slaughterhouse JD	Feed JD	Chicken farms JD	Meat products JD	Others JD	Total JD
<b>Other information</b>						
Segment assets	43,931,563	24,000,134	2,964	8,705,357	846,011	77,486,029
Segment liabilities	8,138,249	2,252,078	-	336,778	-	10,727,105

As of 31 December 2016 (Audited)

	Chicken slaughterhouse JD	Feed JD	Chicken farms JD	Meat products JD	Others JD	Total JD
<b>Other information</b>						
Segment assets	44,253,847	21,142,640	2,964	9,000,659	846,011	75,246,121
Segment liabilities	4,465,282	2,623,511	-	515,453	-	7,604,246