

NATIONAL POULTRY COMPANY

الشركة الوطنية للدواجن



السادة
هيئة الأوراق المالية
المحترمين

التاريخ : 2018/10/30
الرقم : 309 / R / 18

السادة/ هيئة الأوراق المالية المحترمين

عمان - الأردن

الموضوع : البيانات المالية كما في 2018/09/30

تحية طيبة وبعد،،،

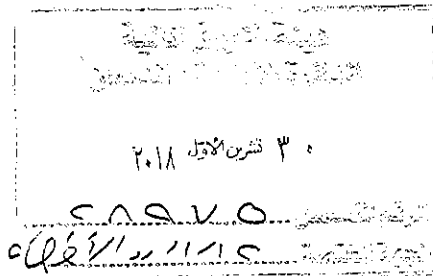
نرفق لكم طياً ما يلي :

- البيانات المالية الصادرة عن مدققي حساباتنا السادة / آرنست ويونغ كما هي في 2018/09/30 باللغة العربية واللغة الانجليزية .

وتفضلوا بقبول فائق الإحترام ،،،

اسامه صبحي ندى

المدير العام



NATIONAL POULTRY COMPANY
PUBLIC SHAREHOLDING COMPANY
UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018



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working world

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**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 30 September 2018, comprising of the interim condensed consolidated statement of financial position as at 30 September 2018 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine 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.

Basis of qualified conclusion

The Group has not applied the requirements of the International Financial Reporting Standards 9 ("IFRS 9") regarding the expected credit losses. We were unable to determine the impact of this matter on the interim condensed consolidated financial statements of the Group. The Group is in the process of preparing a study to assess the impact of adoption of the standard on the interim condensed consolidated financial statements.

Qualified conclusion

Based on our review, except for the effect of the matter described in the basis of qualified conclusion paragraph, 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
29 October 2018

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	Notes	30 September 2018 JD (Unaudited)	31 December 2017 JD (Audited)
<u>ASSETS</u>			
Non-current assets -			
Property, plant and equipment	3	29,940,802	32,391,799
Current assets -			
Biological assets – mature and productive		908,058	1,281,375
Biological assets - immature		1,213,572	1,377,908
Total biological assets		2,121,630	2,659,283
Inventories		24,348,431	21,020,518
Accounts receivable and other current assets		25,949,858	19,074,121
Due from related parties	5	120,720	1,577,387
Cash on hand and bank balances		839,548	522,822
		51,258,557	42,194,848
TOTAL ASSETS		83,320,989	77,245,930
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Paid in capital	1	30,000,000	30,000,000
Statutory reserve		2,207,758	2,207,758
Retained earnings		33,775,953	34,850,555
Total shareholders' equity		65,983,711	67,058,313
<u>LIABILITIES</u>			
Current liabilities-			
Accounts payable and other current liabilities		10,340,650	9,963,394
Due to a related party	5	6,810,878	-
Short-term notes payable		-	10,560
Income tax provision	4	185,750	213,663
Total liabilities		17,337,278	10,187,617
TOTAL EQUITY AND LIABILITIES		83,320,989	77,245,930

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

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2018	2017	2018	2017
		JD	JD	JD	JD
Sales		18,228,867	19,721,941	53,273,107	53,624,102
Cost of sales		(17,516,667)	(17,789,633)	(49,514,690)	(49,603,448)
Gross profit		<u>712,200</u>	<u>1,932,308</u>	<u>3,758,417</u>	<u>4,020,654</u>
Selling and distribution expenses		(659,825)	(472,163)	(2,501,899)	(2,443,246)
Administrative expenses		(452,174)	(540,052)	(1,830,145)	(1,539,768)
Provision for slow moving finished goods inventory and lower cost or market, net		(397,051)	294,420	(255,636)	(54,188)
Other revenues (expenses), net		9,367	(20,838)	2,952	31,012
(Loss) profit for the period before income tax		<u>(787,483)</u>	<u>1,193,675</u>	<u>(826,311)</u>	<u>14,464</u>
Income tax	4	(91,940)	(71,944)	(248,291)	(192,575)
(Loss) profit for the period		<u>(879,423)</u>	<u>1,121,731</u>	<u>(1,074,602)</u>	<u>(178,111)</u>
Add: Other comprehensive income items		-	-	-	-
Total comprehensive income for the period		<u>(879,423)</u>	<u>1,121,731</u>	<u>(1,074,602)</u>	<u>(178,111)</u>
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted loss earnings per share		<u>(0/029)</u>	<u>0/037</u>	<u>(0/036)</u>	<u>(0/006)</u>

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

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Paid in capital	Statutory reserve	Retained earnings	Total
	JD	JD	JD	JD
For the nine months ended 30 September 2018				
Balance at 1 January 2018	30,000,000	2,207,758	34,850,555	67,058,313
Total comprehensive income for the period	-	-	(1,074,602)	(1,074,602)
Balance at 30 September 2018	30,000,000	2,207,758	33,775,953	65,983,711
For the nine months ended 30 September 2017				
Balance at 1 January 2017	30,000,000	1,854,839	35,787,036	67,641,875
Total comprehensive income for the period	-	-	(178,111)	(178,111)
Balance at 30 September 2017	30,000,000	1,854,839	35,608,925	67,463,764

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

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Note	For the nine months ended in 30 September	
		2018	2017
		JD	JD
<u>OPERATING ACTIVITIES</u>			
(Loss) gain for the period before income tax		(826,311)	14,464
Adjustments-			
Depreciation		3,300,866	3,094,931
Gain from sale of property, plant and equipment		(2,740)	(22,045)
Provision for doubtful debts		-	39,732
Slow moving finished goods inventory provision and lower cost or market		255,636	54,188
Working capital changes -			
Inventories and biological assets		(3,045,896)	368,095
Accounts receivable and other current assets		(6,875,737)	(2,417,455)
Accounts payable and other current liabilities		377,256	(1,010,540)
Amounts due from related parties		1,456,667	1,307,686
Income tax paid		(276,204)	(351,252)
Net cash flows (used in) from operating activities		(5,636,463)	1,077,804
<u>INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment	3	(852,629)	(716,946)
Proceeds from sale of property, plant and equipment		5,500	22,045
Net cash flows used in investing activity		(847,129)	(694,901)
<u>FINANCING ACTIVITIES</u>			
Amounts due to a related party		6,810,878	618,010
Short-term notes payable		(10,560)	(17,226)
Net cash flows from financing activities		6,800,318	600,784
Net increase in cash and cash equivalents		316,726	983,687
Cash and cash equivalents at the beginning of the period		522,822	910,545
Cash and cash equivalents at the ending of the period		839,548	1,894,232

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
30 SEPTEMBER 2018 (UNAUDITED)

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 – Hashemite Kingdom of Jordan.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements as of 30 September 2018 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

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

The interim condensed consolidated 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 2017. In addition, results of the nine month period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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 Company’s annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

IFRS 9 requires the Group to record and allowance for ECLs for all debts instruments measured at amortization cost.

IFRS 9 (financial instruments) has eliminated the use of the incurred loss approach under IAS 39 (financial instrument: Recognition and measurement) by including a comprehensive model for the recognition and recording of forward looking expected credit loss, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The Group's assessment of impairment of trade receivables did not consider the requirements of the International Financial Reporting Standards 9 ("IFRS 9") regarding the expected credit losses.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was not material.

Sale of goods:

The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

The Group assessed that the impact of IFRS 15 is not material on the interim condensed consolidated financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's interim condensed financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's interim condensed financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Group's interim condensed financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's interim condensed financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2018, the Group purchased property, plant and equipment amounted to JD 852,629 (30 September 2017: JD 716,946).

4. INCOME TAX

Income tax expense for the nine months ended 30 September 2018 and 30 September 2017 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) Which is subject to feed production tax rate of 14%

A tax exemption was granted for the chicken raising activity starting from 1 January 2015.

The Group obtained final clearance from the Income Tax Department for the years up to 2015.

The Group filed its tax returns for the years 2017 and 2016, which have not been reviewed by the Income and Sales Tax Department up to the date of the interim condensed consolidated financial statements.

The Group may have deferred tax assets as result of recording provisions for debts and slow moving inventories. Due to 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
30 SEPTEMBER 2018 (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 (Parent 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 consolidated financial statements comprise of financial statements of the company and its subsidiaries (the "Group") as at 30 September 2018. The interim condensed consolidated financial statements comprise the following subsidiaries:

	<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 consolidated statement of financial position are as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
	JD (Unaudited)	JD (Audited)
Due from related parties		
Delmonte Fresh Produce – Parent Company	-	1,157,372
Delmonte Jordan – Sister Company	120,720	420,015
	<u>120,720</u>	<u>1,577,387</u>
Due to a related party		
Delmonte Fresh Produce – Parent Company	6,810,878	-
	<u>6,810,878</u>	<u>-</u>
Letters of credit - Delmonte Jordan – Sister Company	-	174,000
	<u>-</u>	<u>174,000</u>

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (UNAUDITED)

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

	For nine months ended 30 September	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Sales – Delmonte Dubai Company– Sister Company	281,606	280,401

Key management compensation

Compensation of the key management personnel is as follows:

	For nine months ended 30 September	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and other benefits	109,941	145,692

6. CONTINGENT LIABILITIES

Bank guarantees

As at 30 September 2018, the Group had outstanding letters of guarantee of JD 431,880 (31 December 2017: JD 500,060) with total cash margin of JD 21,594 (31 December 2017: JD 25,003) most of these guarantees are related to tenders and performance bonds relating to sales contracts.

Letters of credit

As at 30 September 2018, the Group had outstanding letters of credit of JD 296,020 with cash collaterals of JD 13,451 as of 30 September 2018 (31 December 2017: JD 174,000 with cash collaterals of JD 8,700) these letters of credits are related to purchases of machinery and equipment and raw materials.

Bills of collection

As at 30 September 2018, there was no bills of collection (31 December 2017: JD 10,560 with no cash collaterals).

Lawsuits against the Group

The Group is a defendant in a number of lawsuits amounting JD 127,945 as at 30 September 2018 (31 December 2017: JD 127,945) representing legal actions and claims related to its ordinary course of business. In addition, there is a public interest lawsuit held against the group related to food security issue, the management and their legal advisor believe that it is not possible to predict any financial implication, which may arise in the present and that the recorded provision of JD 127,945 (31 December 2017: JD 127,945) is sufficient to meet the obligation that may arise from the lawsuits and the claims.

NATIONAL POULTRY COMPANY – PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2018 (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
- Others

For nine months ended 30 September 2018 (Unaudited)						
	Chicken slaughterhouse	Feed	Chicken farms	Meat products	Others	Total
	JD	JD	JD	JD	JD	JD
Sales						
Total sales	33,228,633	33,733,554	697,756	5,686,777	-	73,346,720
Inter-segment sales	-	(20,073,613)	-	-	-	(20,073,613)
External sales	33,228,633	13,659,941	697,756	5,686,777	-	53,273,107

For nine months ended 30 September 2017 (Unaudited)						
	Chicken slaughterhouse	Feed	Chicken farms	Meat products	Others	Total
	JD	JD	JD	JD	JD	JD
Sales						
Total sales	35,580,028	32,489,969	1,323,089	5,351,631	-	74,744,717
Inter-segment sales	-	(21,120,615)	-	-	-	(21,120,615)
External sales	35,580,028	11,369,354	1,323,089	5,351,631	-	53,624,102

As of 30 September 2018 (Unaudited)						
	Chicken slaughterhouse	Feed	Chicken farms	Meat products	Others	Total
	JD	JD	JD	JD	JD	JD
Other information						
Segment assets	43,387,931	30,695,744	2,441	8,182,880	1,051,993	83,320,989
Segment liabilities	12,823,946	4,145,092	-	368,240	-	17,337,278

As of 31 December 2017 (Audited)						
	Chicken slaughterhouse	Feed	Chicken farms	Meat products	Others	Total
	JD	JD	JD	JD	JD	JD
Other information						
Segment assets	39,086,687	29,041,709	2,443	8,269,080	846,011	77,245,930
Segment liabilities	4,999,676	4,917,641	-	270,300	-	10,187,617