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Palms Agro-Production Company K.S.C. (Closed) and Subsidiary

Interim Condensed Consolidated Financial Information (Unaudited)
For the period ended 30 September 2011

Palms Agro-Production Company K.S.C. (Closed)
and Subsidiary

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For the period ended 30 September 2011

Palms Agro-Production Company K.S.C. (Closed) and Subsidiary
Kuwait

Interim condensed consolidated financial Information and review report
For the period ended 30 September 2011

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TO THE BOARD OF DIRECTORS OF PALMS AGRO-PRODUCTION COMPANY K.S.C. (CLOSED)

Report on review of interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Palms Agro-Production Company K.S.C. (Closed) ("the parent company") and subsidiary (referred to as "the group") as at 30 September 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The parent company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard, IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

Except as explained in the following paragraph, 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 condensed consolidated 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.

Limitation of Scope

The group's share of the total net assets of KD 1,708,400 (31 December 2010: KD 1,527,039 and 30 September 2010: KD 1,478,651) and results of KD 201,458 (30 September 2010: KD 326,858) of an associate "Al Dhafra Irrigation Systems L.L.C." represent 16% (31 December 2010: 14% and 30 September 2010: 15%) and 44% (30 September 2010: 53%) of the total assets and profit for the period respectively, these were reviewed by other independent auditors whose reports furnished to us express unqualified conclusion. We were unable to carry out any review procedures and therefore are not in a position to provide any conclusion with regards to the amounts included in the financial information relating to the above entity.

PRICEWATERHOUSECOOPERS

AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

TO THE BOARD OF DIRECTORS OF PALMS AGRO-PRODUCTION COMPANY K.S.C. (CLOSED) (Continued)

Conclusion

Based on our review, except for the possible effects of the matter described in the "Limitation of Scope" paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the parent company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies Law of 1960, as amended, or of the Articles of Association of the parent company during the period ended 30 September 2011 that might have had a material effect on the business of the parent company or on its interim condensed consolidated financial position.

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15 November 2011

Kuwait

Palms Agro-Production Company K.S.C. (Closed) and Subsidiary
Kuwait

Interim condensed consolidated statement of financial position (unaudited)
As at 30 September 2011
(All amounts in Kuwaiti Dinars)

	Note	30 September 2011	(Audited) 31 December 2010	30 September 2010
Assets				
Non-current assets				
Property and equipment		993,593	1,119,798	1,160,504
Investment in an associate	3	1,708,400	1,527,039	1,478,651
		2,701,993	**2,646,837**	**2,639,155**
Current assets				
Financial assets at fair value through profit and loss		946,656	1,001,915	1,274,055
Inventory		1,303,280	1,184,504	1,010,857
Accounts receivable and prepayments	4	2,998,569	2,794,867	2,776,789
Cash and cash equivalents	5	2,564,445	2,947,609	1,915,632
		7,812,950	**7,928,895**	**6,977,333**
Total assets		**10,514,943**	**10,575,732**	**9,616,488**
Equity and liabilities				
Equity				
Share capital		5,239,900	5,239,900	5,239,900
Share premium		225,000	225,000	225,000
Treasury Shares		(3,573)	(3,573)	(3,573)
Statutory reserve		644,896	644,896	557,189
General reserve		644,896	644,896	557,189
Foreign currency translation reserve		(21,823)	(1,726)	17,583
Retained earnings		1,752,477	1,711,323	1,681,410
Total equity		**8,481,773**	**8,460,716**	**8,274,698**
Liabilities				
Non-current liabilities				
Employees' end of service benefits		**508,507**	**470,876**	**458,323**
Current liabilities				
Due to contracts customers		158	158	158
Accounts payable and accruals	7	715,100	782,019	718,050
Advances on contracts		809,405	861,963	165,259
		1,524,663	**1,644,140**	**883,467**
Total liabilities		**2,033,170**	**2,115,016**	**1,341,790**
Total equity and liabilities		**10,514,943**	**10,575,732**	**9,616,488**

Faisal Fares Al-Fares
Chairman and Managing Director

Bader Hamad Al-Rabiah
Vice Chairman

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Palms Agro-Production Company K.S.C. (Closed) and Subsidiary
Kuwait

Interim condensed consolidated statement of income (unaudited)
Period ended 30 September 2011
(All amounts in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2011	2010	2011	2010
Revenue		**1,174,030**	1,312,322	**3,609,327**	4,342,540
Cost		**(765,914)**	(1,067,722)	**(2,592,236)**	(3,362,539)
Gross profit		**408,116**	244,600	**1,017,091**	980,001
Share of result of an associate	3	**79,289**	92,890	**201,458**	326,858
Unrealised (loss) gain on financial assets at fair value through profit and loss		**(60,489)**	5,688	**(55,259)**	62,974
Murabaha income		**6,460**	5,497	**19,766**	16,721
Other revenue		**6,200**	-	**89,166**	2,500
Dividend income		**22,866**	22,822	**54,942**	53,428
Foreign currency gain		**7,570**		**20,863**	
Marketing expense		**(111,717)**	(129,315)	**(420,719)**	(427,636)
General and administrative expenses		**(136,653)**	(121,028)	**(446,058)**	(368,344)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**221,642**	121,154	**481,250**	646,502
Provision for contribution to KFAS		**(1,914)**	(1,091)	**(4,331)**	(5,819)
Provision for NLST		**(5,317)**	(3,029)	**(12,031)**	(16,163)
Provision for Zakat		**(1,948)**	(1,353)	**(5,208)**	(6,977)
Profit for the period		**212,463**	115,681	**459,680**	617,543
Basic and diluted earnings per share (fils)	8	**4 fils**	2.2 fils	**8.7 fils**	11.80 fils

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Palms Agro-Production Company K.S.C. (Closed) and Subsidiary
Kuwait

Interim condensed consolidated statement of comprehensive income (unaudited)
Period ended 30 September 2011
(All amounts in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2011	**2010**	**2011**	**2010**
Profit for the period	**212,463**	115,681	**459,680**	617,543
Exchange differences arising on translation of foreign operations	**12,621**	(29,896)	**(20,097)**	(13,042)
Total other comprehensive income	**12,621**	(29,896)	**(20,097)**	(13,042)
Total comprehensive income	**225,084**	85,785	**439,583**	604,501

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Palms Agro-Production Company K.S.C. (Closed) and Subsidiary
Kuwait

Interim condensed consolidated statement of changes in equity (unaudited)
Period ended 30 September 2011
(All amounts in Kuwaiti Dinars)

	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total
Balance as of 1 January 2010	5,239,900	225,000	(3,573)	557,189	557,189	30,625	1,482,393	8,088,723
Total comprehensive (loss) income for the period	-	-	-	-	-	(13,042)	617,543	604,501
Dividends Paid	-	-	-	-	-	-	(418,526)	(418,526)
Balance as of 30 September 2010	**5,239,900**	**225,000**	**(3,573)**	**557,189**	**557,189**	**17,583**	**1,681,410**	**8,274,698**
Balance as of 1 January 2011	5,239,900	225,000	(3,573)	644,896	644,896	(1,726)	1,711,323	8,460,716
Total comprehensive (loss) income for the period	-	-	-	-	-	(20,097)	459,680	439,583
Dividends Paid	-	-	-	-	-	-	(418,526)	(418,526)
Balance as of 30 September 2011	**5,239,900**	**225,000**	**(3,573)**	**644,896**	**644,896**	**(21,823)**	**1,752,477**	**8,481,773**

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Palms Agro-Production Company K.S.C. (Closed) and Subsidiary
Kuwait

Interim condensed consolidated statement of cash flows (unaudited)
Period ended 30 September 2011
(All amounts in Kuwaiti Dinars)

	Note	Nine months ended on 30 September	
		2011	2010
Operating activities			
Profit for the period		459,680	617,543
Adjustments for:			
Depreciation		222,954	231,062
Profit on sale of property and equipment		-	(2,500)
Unrealized loss (gain) on financial assets at fair value through profit and loss		55,259	(62,974)
Dividend income		(54,942)	(53,428)
Share of result of an associate		(201,458)	(326,858)
Murabaha income		(19,766)	(16,721)
Employees' end of service indemnity		67,845	54,969
Foreign currency gain		(20,863)	-
Operating profits before changes in working capital		508,709	441,093
Inventory		(118,776)	41,165
Accounts receivable and prepayments		(203,121)	144,520
Due to contracts customers		-	(96,810)
Accounts payables and accruals		(46,056)	(99,045)
Advances on contracts		(52,558)	(23,589)
Employees' end of service indemnity paid		(30,214)	(17,554)
Net cash generated from operating activities		57,984	389,780
Cash flows from investing activities			
Purchase of property and equipment		(96,749)	(66,294)
Proceeds from sale of property and equipment		-	2,500
Write off of property and equipment		-	-
Dividends received		54,942	53,428
Murabaha income received		19,185	16,721
Net cash (used in) generated from investing activities		(22,622)	6,355
Cash flows from financing activities			
Cash dividends paid		(418,526)	(418,526)
Net cash used in financing activities		(418,526)	(418,526)
Decrease in cash and cash equivalents		(383,164)	(22,391)
Cash and cash equivalents at the beginning of the period		2,947,609	1,938,023
Cash and cash equivalents at the end of the period	5	2,564,445	1,915,632

The accompanying notes form an integral part of this interim condensed consolidated financial information.

1 GENERAL INFORMATION

Palms Agro-Production Co. K.S.C. (Closed) (the parent company) is a Kuwaiti closed shareholding company registered and incorporated in Kuwait on 25 May 1982. The parent company's main activities are execution of agricultural contracting work, import and export of agricultural supplies, establishment and management of nurseries and utilizing of financial surplus available to the parent company through investing it in portfolios managed by specialised companies and entities.

The interim condensed consolidated financial information of the group include the interim condensed financial information of Palms Trees Company K.S.C. (Closed) - fully owned subsidiary of the parent company which is operating in producing and packing of black honey.

The parent company is owned by Bayan Holding Company (K.S.C.) with a percentage of 84.11%.

The registered head office of the parent company is at P.O. Box 1976, Safat 13020, Kuwait.

The interim condensed consolidated financial information of Palms Agro-Production Company K.S.C. (Closed) (the" parent company") and Subsidiary (the group) for the nine month period ended 30 September 2011 were authorised for issue in accordance with a resolution of the board of directors on 15 November 2011.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

The interim condensed consolidated financial information do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the group's annual consolidated financial statements as at 31 December 2010. In addition, the results for the nine month period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

In the opinion of management, all adjustments (consisting of normal recurring accruals), considered necessary for a fair presentation have been included. The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2010.

2.1.1 Changes in accounting policies and disclosure

IAS 24 (revised) - This amendment is mandatory for periods beginning on or after 1 January 2011. This amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosure (continued)

government-related entities. This amendment did not have any impact on the financial position or performance of Group for the period ended 30 September 2011.

IAS 34, 'Interim Financial Reporting' - This amendment requires an entity to include in its condensed interim consolidated financial information an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period and information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report. This amendment did not have any impact on the financial position or performance of Group for the period ended 30 September 2011.

2.2 Basis of consolidation

The interim condensed consolidated financial information includes the interim condensed financial of the parent company and its subsidiary under control. The subsidiary is the entity where the group owns more than 50% of the voting rights or when the group has the power directly or indirectly to govern the financial and operating policies. All inter-company transactions and balances between the parent company and its subsidiaries are eliminated in the interim condensed consolidated financial information.

3 INVESTMENT IN AN ASSOCIATE

The parent company has the following investment in an associate:

		Equity interest		
		(Audited)		
	Country Of incorporation	30 September 2011	31 December 2010	30 September 2010
Al Dhafra Irrigation Systems (L.L.C.)	U.A.E.	**33%**	**33%**	**33%**

3 INVESTMENT IN AN ASSOCIATE (continued)

The movement in the carrying amount of investment in an associate is as follows:

	30 September 2011	(Audited) 31December 2010	30 September 2010
Opening balances	1,527,039	1,164,835	1,164,835
Share of result of an associate	201,458	394,555	326,858
Foreign currency translation adjustment	(20,097)	(32,351)	(13,042)
Ending balances	**1,708,400**	**1,527,039**	**1,478,651**

The parent company has recorded its share of results based on a reviewed interim financial information of the associate company.

4 ACCOUNTS RECIEVABLE AND PREPAYMENTS

	30 September 2011	(Audited) 31 December 2010	30 September 2010
Trade receivables	1,607,515	1,634,497	1,788,086
Accrued income	694,972	609,771	476,029
Retentions receivable	276,763	228,963	216,058
Prepaid expenses	109,803	116,063	108,323
Advance payments	193,381	72,213	55,354
Other receivables	116,135	133,360	132,939
	2,998,569	**2,794,867**	**2,776,789**

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following financial position amounts:

	30 September 2011	(Audited) 31 December 2010	30 September 2010
Bank balances	881,939	1,285,701	557,811
Cash in hand	11,525	12,550	13,700
Deposits with original maturity less than 3 Months	1,670,981	1,649,358	1,344,121
	2,564,445	**2,947,609**	**1,915,632**

Murabaha investments represent deposits with local financial institutions maturing within three months from date of placement with an average rate of profit of 1.625% (31 December 2010: 1.625% and 30 September 2010: 1.625%).

6 CASH DIVIDENDS

The Annual General Assembly of the parent company's shareholders held on 4 May 2011 has approved the distribution of cash dividends of 8 fils per share for the year ended 31 December 2010 (31 December 2009: cash dividend of 8 fils per share).

7 ACCOUNTS PAYABLE AND ACCRUALS

	30 September 2011	(Audited) 31 December 2010	30 September 2010
Trade payables	300,731	274,085	235,484
Other payables	126,759	117,886	221,371
Accrued expenses	120,465	211,119	195,840
Retentions payable	-	-	55,345
Dividends payable	167,145	153,929	-
Board remunerations	-	25,000	10,010
	715,100	**782,019**	**718,050**

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Profit for the period (KD)	212,463	115,681	459,680	617,543
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	52,315,800	52,315,800	52,315,800	52,315,800
Basic and diluted earnings per share	4 fils	2.2 fils	8.7 fils	11.80 fils

9 RELATED PARTY TRANSACTIONS

Related parties are the shareholder of the parent company who are represented in the board of directors as well as major shareholders and the companies in which any of its members is in the same time a board member in the parent company's board of directors and associated companies. In the ordinary course of business, the group has carried some transactions during the period with related parties. The transactions which are included in the financial statements are as follows:

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	Nine months ended 30 September	
	2011	2010
Management fees	406	633

9 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	30 September 2011	(Audited) 31 December 2010	30 September 2010
Trade payables	**1,056**	**3,997**	**1,717**

Key management compensation

	Nine months ended 30 September 2011	2010
Short-term benefits	27,675	27,675
End of service benefits	4,219	4,231
	31,894	**31,906**

10 SEGMENT INFORMATION

The group activities are organised in three major segments in the internal reporting system as follows:

- Commercial segment: includes the production and sale of nurseries and ornamental plants.
- Projects segment; represented in providing gardening and maintenance services.
- Investment segment.

The principle activities of these segments are as follows:

	30 September 2011			
	Commercial segment	Projects Segment	Investment Segment	Total
Segment revenue	2,159,432	1,559,924	276,166	**3,995,522**
Segment profit	263,746	92,918	124,586	**481,250**
Segment assets	5,762,638	2,030,205	2,722,100	**10,514,943**

10 SEGMENT INFORMATION (continued)

	30 September 2010			
	Commercial Segment	Projects Segment	Investment Segment	Total
Segment revenue	2,964,892	1,380,148	459,981	**4,805,021**
Segment profit	256,103	(69,582)	459,981	**646,502**
Segment assets	5,270,246	1,856,734	2,489,508	**9,616,488**

	Nine months ended 30 September	
	2011	2010
Adjustments		
Segment profit	481,250	646,502
Unallocated costs	(21,570)	(28,959)
Segment profit	**459,680**	**617,543**

11 CONTINGENCES

The parent company had letters of guarantee toward foreign purchases amounted to KD 3,444,357 (31 December 2010: 3,693,587 and 30 September 2010: KD 3,052,530).