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PALMS AGRO PRODUCTION COMPANY K.S.C. (CLOSED) AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2011

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PALMS AGRO PRODUCTION COMPANY K.S.C. (CLOSED)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Palms Agro Production Company K.S.C. (Closed) ("the Parent Company") and subsidiary (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Parent Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PALMS AGRO PRODUCTION COMPANY K.S.C. (CLOSED) (CONTINUED)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the Parent Company's articles of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the Parent Company's articles of association have occurred during the year ended 31 December 2011 that might have had a material effect on the business of the Parent Company or on its financial position.

Khalid Al-Shatti
Licence No. 175-A
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(Al-Shatti and Co.)

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Member Of The International
Group Of Accounting
Firms

22 March 2012

Kuwait

PALMS AGRO PRODUCTION COMPANY K.S.C. (CLOSED) AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011
(All amounts in Kuwaiti Dinars)

	Notes	31 December 2011	31 December 2010
Assets			
Current assets			
Cash and cash equivalents	5	**2,352,854**	2,947,609
Accounts receivable and prepayments	7	**3,341,610**	2,793,691
Amounts due from related parties	13	**120,409**	1,176
Inventories		**1,224,574**	1,184,504
Financial assets at fair value through profit or loss		**840,850**	1,001,915
		7,880,297	7,928,895
Non- current assets			
Property and equipment	6	**1,040,391**	1,119,798
Investment in an associate	8	**1,772,701**	1,527,039
		2,813,092	2,646,837
Total assets		**10,693,389**	10,575,732
Equity			
Share capital	12	**5,239,900**	5,239,900
Share premium		**225,000**	225,000
Treasury shares		**(3,573)**	(3,573)
Statutory reserve	12	**693,812**	644,896
General reserve	12	**693,812**	644,896
Foreign currency translation reserve		**(10,701)**	(1,726)
Retained earnings		**1,646,867**	1,711,323
Total equity		**8,485,117**	8,460,716
Liabilities			
Current liabilities			
Accounts payable and accruals	9	**850,042**	782,019
Advances on contracts		**852,256**	862,121
		1,702,298	1,644,140
Non- current liability			
Employees' end of service benefits		**505,974**	470,876
Total liabilities		**2,208,272**	2,115,016
Total equity and liabilities		**10,693,389**	10,575,732

Faisal Fares Al-Fares
Chairman and Managing Director

Bader Hamad Al-Rabiah
Vice Chairman

The accompanying notes set out on pages 8 to 33 form an integral part of these consolidated financial statement

PALMS AGRO PRODUCTION COMPANY K.S.C. (CLOSED) AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2011
(All amounts in Kuwaiti Dinars)

	Notes	2011	2010
Revenue		**4,834,013**	5,688,524
Cost of revenue	10	**(3,639,420)**	(4,363,508)
Gross profit		**1,194,593**	1,325,016
Marketing expense		**(570,712)**	(590,487)
General and administrative expenses		**(599,474)**	(597,570)
Provision for impairment of receivables		**(83,203)**	(39,025)
Provision for impairment of receivables no longer required		**92,226**	9,614
Operating profit		**33,430**	107,548
Investment (loss) income	11	**(79,519)**	130,840
Share of results from investment in associate	8	**254,637**	394,555
Other income	16	**280,612**	244,129
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**489,160**	877,072
Contribution to KFAS		**(4,552)**	(7,909)
NLST		**(13,116)**	(21,927)
Zakat		**(4,590)**	(9,366)
Board members remuneration		**(15,000)**	(15,000)
Profit for the year		**451,902**	822,870
Earnings per share	12	**8.64 fils**	15.73 fils

The accompanying notes set out on pages 8 to 33 form an integral part of these consolidated financial statements

PALMS AGRO PRODUCTION COMPANY K.S.C. (CLOSED) AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011
(All amounts in Kuwaiti Dinars)

	2011	2010
Profit for the year	**451,902**	822,870
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(8,975)**	(32,351)
Total other comprehensive income	**(8,975)**	(32,351)
Total comprehensive income	**442,927**	790,519

The accompanying notes set out on pages 8 to 33 form an integral part of these consolidated financial statements

PALMS AGRO PRODUCTION COMPANY K.S.C.(CLOSED) AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011
(All amounts in Kuwaiti Dinars)

	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2010	5,239,900	225,000	(3,573)	557,189	557,189	30,625	1,482,393	8,088,723
Profit for the year	-	-	-	-	-	-	822,870	822,870
Other comprehensive loss for the year	-	-	-	-	-	(32,351)	-	(32,351)
Total comprehensive (loss) income for the year	-	-	-	-	-	(32,351)	822,870	790,519
Dividends distributed	-	-	-	-	-	-	(418,526)	(418,526)
Transfer to reserves	-	-	-	87,707	87,707	-	(175,414)	-
Balance at 31 December 2010	5,239,900	225,000	(3,573)	644,896	644,896	(1,726)	1,711,323	8,460,716
Balance at 1 January 2011	5,239,900	225,000	(3,573)	644,896	644,896	(1,726)	1,711,323	8,460,716
Profit for the year	-	-	-	-	-	-	451,902	451,902
Other comprehensive loss for the year	-	-	-	-	-	(8,975)	-	(8,975)
Total comprehensive (loss) income for the year	-	-	-	-	-	(8,975)	451,902	442,927
Dividends distributed	-	-	-	-	-	-	(418,526)	(418,526)
Transfer to reserves	-	-	-	48,916	48,916	-	(97,832)	-
Balance at 31 December 2011	**5,239,900**	**225,000**	**(3,573)**	**693,812**	**693,812**	**(10,701)**	**1,646,867**	**8,485,117**

The accompanying notes set out on pages 8 to 33 form an integral part of these consolidated financial statements

PALMS AGRO PRODUCTION COMPANY K.S.C.(CLOSED) AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011
(All amounts in Kuwaiti Dinars)

	Note	2011	2010
Operating activities			
Profit for the year		**451,902**	822,870
Adjustments for:			
Depreciation		**294,601**	311,152
Unrealised loss (gain) on financial assets at fair value through profit or loss		**161,065**	(54,032)
Murabaha income		**(26,604)**	(23,379)
Provision for impairment of receivables		**83,203**	39,025
Provision for impairment of receivables no longer required		**(92,226)**	(9,614)
Share of results of an associate		**(254,637)**	(394,555)
Capital gains		**(12,393)**	(2,500)
Employees' end of service benefits		**75,963**	74,102
Dividends income		**(54,942)**	(53,429)
Operating profits before changes in working capital		**625,932**	709,640
Inventories		**(40,070)**	130,716
Accounts receivable and prepayments		**(533,811)**	100,626
Accounts payable and accruals		**57,384**	(189,005)
Advances on contracts		**(9,865)**	576,305
Employees' end of service benefits paid		**(40,865)**	(24,133)
Net cash generated from operating activities		**58,705**	1,304,149
Investing activities			
Purchase of property and equipment		**(232,418)**	(105,678)
Proceeds from sale of property and equipment		**29,617**	2,500
Dividends received		**54,942**	53,428
Murabaha income received		**21,519**	20,960
Net cash used in investing activities		**(126,340)**	(28,790)
Financing activities			
Cash dividends paid		**(407,887)**	(264,597)
Amounts due from related parties		**(119,233)**	(1,176)
Net cash used in financing activities		**(527,120)**	(265,773)
(Decrease) increase in cash and cash equivalents		**(594,755)**	1,009,586
Cash and cash equivalents at the beginning of the year		**2,947,609**	1,938,023
Cash and cash equivalents at the end of the year	**5**	**2,352,854**	2,947,609

The accompanying notes set out on pages 8 to 33 form an integral part of these consolidated financial statements

1 INCORPORATION AND ACTIVITIES

Palms Agro Production Company 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 the 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 company operates under license number 33390 and is valid until 13 September 2015.

The consolidated financial statements of the Group include the consolidated financial statements 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.

These consolidated financial statements were approved for issue by the Board of Directors of the Parent Company on 14 March 2012 and are subject to the approval of the Annual General Assembly of the shareholders.

The total number of the Parent Company's employees is 576 employees (2010: 630 employees).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations and the Commercial Companies Law of 1960, as amended.

Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of "financial assets at fair value through profit or loss" and "biological assets" included in inventories. The accounting policies have been applied consistently by the Parent company and subsidiary together "the Group" and are consistent with those used in the previous year except for the adoption of the new and revised standards as discussed below.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the parent company's functional and presentation currency, rounded off to the nearest thousand. The principal accounting policies are stated below.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the year the assumptions changed.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- IAS 1 (amendment), 'Presentation of financial statements' effective 1 January 2011. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The adoption of the revised standard did not have a material impact on the Group.

- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011.

The revised standard 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 government-related entities. The adoption of the revised standard did not have a material impact on the Group.

(b) New standards, amendments and interpretations issued and mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group.

- IAS 32 (amendment) Classification of rights issues, effective 1 February 2010;
- IFRIC 14 (amendment) Prepayment of a minimum funding requirements, effective 1 January 2011; and
- IFRIC 19 Extinguishing financial liabilities with equity instruments, effective 1 July 2010.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

- IAS 19 'Employee benefits', effective periods beginning on or after 1 June 2011;
- IFRS 9 'Financial instruments', effective 1 January 2015;
- IFRS 10 'Consolidated financial statements', effective 1 January 2013;
- IFRS 11*'Joint arrangements', effective 1 January 2013;
- IFRS 12* 'Disclosures of interests in other entities', effective 1 January 2013; and
- IFRS 13 'Fair value measurement', effective 1 January 2012.

*Not relevant to the Group

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

These consolidated financial statements include the financial statements of the Parent Company and its subsidiary.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (continued)

(b) Associates (continued)

The group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of income.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('KD'). The consolidated financial statements are presented in Kuwaiti Dinar (KD), which is the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses presented in the consolidated statement of income within 'other income'.

Translation differences on non-monetary financial assets are included in consolidated statement of other comprehensive income.

Financial assets

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position (notes 7 and 5).

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, bank balances and deposits held at call with banks and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of income when the group's right to receive payments is established.

Impairment of financial assets

Assets carried at amortized cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of income. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Assets carried at amortized cost (continued)

For trade and other receivables, the carrying amount is reduced through the use of an allowance account. When trade and other receivables are considered uncollectible, these are written off against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost includes purchase price, import duties, transportation, handling and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Biological assets included in inventories are measured at their fair value less estimated costs to sell.

Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings and gardens 4-10 %
- Machinery and vehicles 15-25%
- Furniture, fittings and office equipment 15-16%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 6). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of income.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition the financial liabilities are subsequently measured at amortised cost using the effective interest method. "Accounts payable and accruals" are classified as financial liabilities.

Accounts payable and accruals

Accounts payable and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Employees' end of service benefits

The provision for staff indemnity is payable on completion of employment. The provision is calculated in accordance with applicable labour law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits. The provision, which is unfunded, is determined as the liability that would arise as a result of the involuntary termination of staff at the reporting date, on the basis that this computation is a reliable approximation of the present value of this obligation. With respect to its national employees, the Group makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Dividend distribution

Dividend distribution to the parent company's shareholders is recognised as a liability in the group's consolidated financial statements in the period in which the dividends are approved by the parent company's shareholders.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 12).

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When treasury shares are reissued, gains are credited to a separate account in equity, which is not distributable.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Treasury shares (continued)

Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Revenue recognition

Revenue and profits from long-term contracts are calculated in accordance with the percentage of completion method of accounting. Such contracts generally extend for periods in excess of one year. Under this method the amount of revenue and profit from fixed price contracts is measured by reference to the percentage of actual costs incurred to date to the estimated total costs for each contract applied to the estimated contract profit, and reduced by the proportion of profit previously recognised. Profit is only recognised when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. During the early stages of a contract, revenue is recognised only to the extent of costs incurred that are expected to be recoverable; hence no profit is recognised. Claims and variation orders are only included in the determination of contract profit when negotiations have reached an advanced stage such that it is probable they will be approved by contract owners and can be reliably measured. Anticipated losses on contracts are recognised in full as soon as they become foreseen.

i) Revenue from project management and maintenance activities represents the invoiced value of services rendered during the year.
ii) Dividend revenue is recognised when the Group's right to receive payment is established.
iii) Interest income is recognised as the interest accrues using effective interest method.

Taxation

Zakat, Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labour Support Tax (NLST) represent levies/taxes imposed on the parent company at the flat percentage of net profits attributable to the parent company less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent taxation/levy regulations no carry forward of losses is permitted and there are no significant differences between the tax/levy bases of assets and liabilities and their carrying amount for financial reporting purposes.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (continued)

Tax/statutory levy	Rate
Zakat	1.0% of net profit less permitted deductions
Contribution to KFAS	1.0% of net profit less permitted deductions
NLST	2.5% of net profit less permitted deductions

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

3 FINANCIAL RISK MANAGMENT

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by the Group's finance department as approved by the Parent company shareholders.

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign currency risk arises from future commercial transactions, recognised assets, liabilities and net investments in foreign operations. The group manages its foreign currency risk by regularly assessing current and expected foreign currency rate movements.

The Group had the following significant net exposures denominated in foreign currencies:

	2011	2010
	KD (equivalent)	KD (equivalent)
US Dollar	**73,587**	53,952
EURO	**86,912**	90,547

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

The table below indicates the Group's foreign exchange exposure as at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the KD currency rate against the US Dollar and Euro with all other variables held constant, on the profit and equity for the year (due to the fair value of currency sensitive monetary assets and liabilities).

	Change in Currency rate	*Effect on profit*
31 December 2011		
US Dollar	+5%	**3,679**
EURO	+5%	**4,346**
31 December 2010		
US Dollar	+5%	2,697
EURO	+5%	4,527

The decrease in currency rate will have the opposite effect on profit and equity.

(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk, the group diversifies its portfolio.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The table below summarises the impact of increases/decreases of the equity indexes on the group's profit for the year. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index:

Market index	% change in equity price	2011 Effect on profit	2010 Effect on profit
		KD	KD
Dubai Stock Exchange	±5	**± 42,042**	± 50,093

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation and arises principally from outstanding accounts receivable, bank balances and amounts due from related parties. The group seeks to limit its credit risk with respect to bank balances by dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The group's maximum exposure to credit risk by class of financial asset is as follows:

	2011	2010
Bank balances	**2,341,930**	2,935,059
Accounts receivable	**3,021,273**	2,605,415
Amounts due from related parties	**120,409**	1,176
	5,483,612	5,541,650

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry or geographical location.

The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities as the group deals with a large number of customers with respect to investment, commercial and projects activities.

The group's credit risk bearing assets can be analysed by the geographic region and the industry sector as follows:

	2011	2010
Geographic region:		
Kuwait	**5,371,034**	5,540,474
United arab emirates	**112,578**	1,176
	5,483,612	5,541,650
Industry sector:		
Banks and other financial institutions	**2,341,930**	2,935,059
Financing activities	**112,578**	1,176
Contracting and commercial customers	**3,029,104**	2,605,415
Total credit risk exposure	**5,483,612**	5,541,650

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Analysis by credit quality of financial assets is as follows:

	2011	2010
Accounts receivable		
Neither past due nor impaired:		
Accounts receivable from small or medium-sized companies	**2,684,811**	**2,100,962**
Total neither past due nor impaired	**2,684,811**	**2,100,962**
Past due but not impaired		
90-180 days overdue	207,516	159,087
180-270 days overdue	34,430	117,338
270-360 days overdue	62,093	57,263
More than 360 days overdue	32,423	170,765
Total past due but not impaired	**336,462**	**504,453**
Individually determined to be impaired		
More than 540 days overdue	323,575	334,698
Provision for impairment of accounts receivable	(323,575)	(334,698)
Total accounts receivable, net of provision for doubtful debt	**3,021,273**	**2,605,415**
Due from related parties	**120,409**	**1,176**
Bank balances	**2,341,930**	**2,935,059**

3 FINANCIAL RISK MANAGMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the group could be required to pay its liabilities earlier than expected.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The maturity profile is monitored by the group's management to ensure adequate liquidity is maintained. A summary table with maturity of financial liabilities is presented below. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months equal their carrying amounts in the consolidated statement of financial position as the group has no interest bearing financial liabilities and the impact of discounting is not significant.

At 31 December 2011	***Within 3 months***	***3 to 6 Months***	***6 to 12 Months***	***Over 1 Year***	***Total***
Accounts payable and accruals	**386,801**	**190,750**	**117,890**	**154,601**	**850,042**

At 31December 2010	*Within 3 months*	*3 to 6 Months*	*6 to 12 Months*	*Over 1 Year*	*Total*
Accounts payable and accruals	340,116	203,822	40,803	197,278	782,019

3 FINANCIAL RISK MANAGMENT (continued)

3.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. The group's policy is to keep the gearing ratio less than 50%. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the company as accounts payable and accruals less bank balance. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

3.3 Fair value estimation

Financial instruments that are measured in the consolidated statement of financial position at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	31 December 2011			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Quoted equity securities	840,850	-	-	840,850
	840,850	-	-	840,850

There were no transfers between Levels 1 and 2 during the period ended 31 December 2011.

	31 December 2010			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Quoted equity securities	1,001,915	-	-	1,001,915
	1,001,915	-	-	1,001,915

There were no transfers between Levels 1 and 2 during the year ended 31 December 2010.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Assumptions and estimates that are significant to the financial statements are the following:

Classification of investments

The Group classifies investments as "financial assets at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making. As at 31 December 2011, the Group classified investments as financial assets at fair value through profit or loss in the amount of KD 840,850 (2010: of KD 1,001,915).

Estimation uncertainty

The key estimates at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of financial assets

The Group reviews its financial assets classified as "accounts receivable" periodically to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

Obsolete and slow moving inventory

At each reporting date, the Group's management reviews items of inventory to assess provision required for obsolete and slow moving items. Obsolete and slow moving items are identified with regards to changes in technology, market condition and passage of time.

Impairment and useful lives of property and equipment

At each reporting date, the Group's management assesses, whether there is any indication that equipment may be impaired. The recoverable amount of an asset is determined based on "the value in use" method. This method uses estimated cash flow projection discounted over the estimated useful life of the asset.

The Group's management determines estimated useful lives and the related depreciation charge for the asset. The estimate is based on the product life cycle of the asset. It could change significantly as a result of change in technology. Management increases the depreciation charge where useful lives are lower than previously estimated lives.

Revenue recognition

The Group uses the percentage of completion method in accounting for its contracting contracts. Use of the percentage of completion method requires the estimates of its project managers.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Biological assets valuation

Biological assets included in inventories are measured on initial recognition and at each reporting date at their fair value less costs to sell. In measuring fair value of agricultural products, management estimates and judgements are required for the determination of fair value. These estimates and judgements relate to the market prices, average weight and quality of the agricultural products.

Market prices of agricultural products are obtained from the annual assessments of a reputable independent and objective valuator. The quality of agricultural products sold at the local market is considered to approximate the group's agricultural products.

5 CASH AND CASH EQUIVALENTS

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

	2011	2010
Bank balances	**668,098**	1,285,701
Cash in hand	**10,924**	12,550
Deposits with original maturity less than 3 Months	**1,673,832**	1,649,358
	2,352,854	2,947,609

Fixed deposits represent deposits with local financial institutions maturing within three months from date of placement with an average rate of profit of 1.680% (31 December 2010: 1.625%).

6 PROPERTY AND EQUIPMENT

	Buildings And greenhouse	Equipments and motor vehicles	Store fabrication, furniture and computers	Total
At 1 January 2010				
Cost	1,142,354	1,200,957	314,190	2,657,501
Accumulated depreciation	(631,182)	(503,211)	(197,836)	(1,332,229)
Net book amount	511,172	697,746	116,354	1,325,272
Year ended 31 December 2010				
Opening net book amount	511,172	697,746	116,354	1,325,272
Additions	5,488	90,192	9,998	105,678
Disposal (related to cost)	-	(47,914)	-	(47,914)
Accumulated depreciation related to disposal	-	47,914	-	47,914
Depreciation charge	(52,392)	(224,718)	(34,042)	(311,152)
Closing net book amount	464,268	563,220	92,310	1,119,798
At 31 December 2010				
Cost	1,147,842	1,243,235	324,188	2,715,265
Accumulated depreciation	(683,574)	(680,015)	(231,878)	(1,595,467)
Net book amount	**464,268**	**563,220**	**92,310**	**1,119,798**
Year ended 31 December 2011				
Opening net book amount	464,268	563,220	92,310	1,119,798
Additions	-	148,450	83,968	232,418
Disposal (related to cost)	-	(78,503)	-	(78,503)
Depreciation charge	(47,523)	(210,371)	(36,707)	(294,601)
Accumulated depreciation related to disposal	-	61,279	-	61,279
Closing net book amount	**416,745**	**484,075**	**139,571**	**1,040,391**
At 31 December 2011				
Cost	1,147,842	1,313,182	408,156	2,869,180
Accumulated depreciation	(731,097)	(829,107)	(268,585)	(1,828,789)
Net book amount	**416,745**	**484,075**	**139,571**	**1,040,391**

Depreciation charge for the current year is allocated as follows: KD 164,203 (2010: KD 174,162) to cost of sales, KD 13,572 (2010: KD 12,580) to general and administrative expenses and KD 116,826 (2010: KD 124,410) to marketing expenses.

7 ACCOUNTS RECIEVABLE AND PREPAYMENTS

	2011	2010
Trade receivables	**2,012,913**	1,634,497
Accrued income	**574,044**	609,771
Retentions receivable	**314,697**	228,963
Prepaid expenses	**143,320**	116,063
Advance payments	**177,017**	72,213
Other receivables	**119,619**	132,184
	3,341,610	2,793,691

The carrying amounts of the Group's accounts receivable are denominated in Kuwaiti Dinar.

The movement of the provision for impairment of trade receivables is as follows:

	2011	2010
Opening balance	**334,698**	513,260
Provision charge for the year	**83,203**	39,025
Provision write off	**(2,100)**	(207,973)
Provision for impairment of receivables no longer required	**(92,226)**	(9,614)
	323,575	334,698

8 INVESTMENT IN AN ASSOCIATE

Details of the Group's investment in an associate are as follows:

Name	Country of incorporation	Assets	Goodwill	Liabilities	Revenues	Profit for the year	Equity Interest
31 December 2011							
Al Dhafra Irrigation Systems (L.L.C.)	**United Arab Emirates**	**3,208,418**	**128,250**	**1,563,967**	**2,633,715**	**254,637**	**33%**
31 December 2010							
Al Dhafra Irrigation Systems (L.L.C.)	United Arab Emirates	2,660,938	128,250	1,262,149	3,790,135	394,555	33%

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

8 INVESTMENT IN AN ASSOCIATE (Continued)

	2011	2010
Opening balances	**1,527,039**	1,164,835
Share of result of an associate	**254,637**	394,555
Foreign currency translation adjustment	**(8,975)**	(32,351)
Ending balances	**1,772,701**	1,527,039

The parent company has recorded its share of results based on the audited financial statements of the associate company.

9 ACCOUNTS PAYABLE AND ACCRUALS

	2011	2010
Trade Payables	**339,714**	274,085
Other Payables	**118,738**	113,751
Accrued Expenses	**212,022**	215,254
Dividends payable	**164,568**	153,929
Board member's remuneration	**15,000**	25,000
	850,042	782,019

10 COST OF REVENUE

	2011	2010
Raw materials	**2,501,015**	3,185,516
Salaries	**598,380**	588,839
Depreciation	**164,203**	174,162
Bonuses and leaves	**96,934**	75,441
Rent	**15,100**	27,600
Others	**263,788**	311,950
	3,639,420	4,363,508

11 INVESTMENT (LOSS) INCOME

	2011	2010
Unrealised (loss) gain on investment carried at fair value through profit or loss	**(161,065)**	54,032
Murabaha income	**26,604**	23,379
Dividend income	**54,942**	53,429
	(79,519)	130,840

12 EQUITY

Share Capital

The Annual General Assembly of the Parent Company held on 4 May 2011 approved the annual consolidated financial statements of the Group for the year ended 31 December 2010 and the payment of cash dividend of 8 fils per share for the year ended 31 December 2010 to the Parent Company's equity shareholders on the register as of 4 May 2011.

The authorised, issued and fully paid up share capital as at 31 December 2011 consists of 52,399 thousand shares (31 December 2010: 52,399 thousand shares) of 100 fils each.

Treasury shares

	2011	2010
Number of shares	**83,200**	83,200
Percentage of issued shares	**0.16%**	0.16%
Cost (KD)	**3,573**	3,573
Market value (KD)	**7,155**	13,811

Statutory reserve

As required by the Kuwait Commercial Companies Law and the Parent Company's Articles of Association, 10% of profit for the year before KFAS, NLST, Zakat and Directors' remuneration is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution except for payment of a dividend of 5% of paid up share capital in years when retained earnings are not sufficient for the payment of such dividends.

12 EQUITY (Continued)

General reserve

In accordance with the Parent Company's Articles of Association, 10% of profit for the year before KFAS, NLST, Zakat and Directors' remuneration is required to be transferred to the general reserve until the shareholders decide to discontinue the transfer to the general reserve.

Proposed dividends

The Board of Directors proposed a cash dividend of 10 fils per share (2010: 8 fils per share) for the year ended 31 December 2011. This proposal is subject to the approval of the shareholders in the Annual General Assembly and has not been accounted for in these consolidated financial statements.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) as follows:

	2011	2010
Profit for the year (KD)	**451,902**	822,870
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares)	**52,315,800**	52,315,800
Earnings per share	**8.64 Fils**	15.73 Fils

13 RELATED PARTY BALANCES AND 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 year with related parties. The transactions and balances which are included in the consolidated financial statements are as follows:

	2011	2010
Amounts due from related parties	**120,409**	**1,176**
Trade payables	**-**	**3,997**
Management fees	**1,510**	**912**

13 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Key management compensation

	2011	2010
Short-term benefits	**71,500**	69,400
End of service benefits	**5,625**	5,625
	77,125	75,025

14 STAFF COSTS

	General and administrative expenses	Marketing expense	Cost of revenue	Total
31 December 2011	**216,419**	**438,675**	**698,901**	**1,353,995**
31 December 2010	257,749	458,582	673,365	1,389,696

15 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.

31 December 2011

	Agricultural Segment	Investment Segment	Total
Segment revenue	**5,206,851**	**175,118**	**5,381,969**
Segment profit (loss)	**314,042**	**175,118**	**489,160**
Segment assets	**6,285,597**	**4,407,792**	**10,693,389**

15 SEGMENT INFORMATION (Continued)

31 December 2010

	Agricultural Segment	Investment Segment	Total
Segment revenue	5,942,267	525,395	6,467,662
Segment profit	351,677	525,395	877,072
Segment assets	6,396,244	4,179,488	10,575,732

	2011	2010
Adjustments		
Segment profit	**489,160**	877,072
Unallocated costs	**(37,258)**	(54,202)
Segment profit	**451,902**	822,870

16 OTHER INCOME

This amount includes consultancy revenues of KD 250,000 for the current year. In the prior year the amount includes receivables from a customer previously written off by the management of the parent company in 2005, and recovered during the prior year as a result of a court decision that ruled in the parent company's favour in the net amount of KD 232,128, representing the gross amount of KD 251,363 net of legal fees amounting to KD 19,235.

17 CONTINGENCES

The parent company had letters of guarantee toward foreign purchases amounted to KD 3,851,974 (31 December 2010: KD 3,693,587and letters of credit in the amount of KD 41,021 (31 December 2010: KD 39,710).