Palms Agro Production Company K.S.C.P and Subsidiary

Interim Condensed Consolidated Financial Information and Independent Auditors' Review Report for the nine month period ended 30 September 2014 (Unaudited)

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Interim condensed consolidated financial information and independent auditors' review report (Unaudited)
For the nine month period ended 30 September 2014

Index

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TO THE BOARD OF DIRECTORS OF PALMS AGRO PRODUCTION COMPANY K.S.C.P

Independent auditors' 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.P ("the parent company") and subsidiary (together referred to as "the group") as at 30 September 2014, the related interim condensed consolidated statements of income and comprehensive income for the three month and the nine month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended. The parent company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 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 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.

Basis for qualified conclusion

The group's total assets and profit include amounts of KD 1,434,928 (31 December 2013: KD 1,568,746 and 30 September 2013: KD 1,548,141) and results of (KD 34,301) (30 September 2013: KD 177,455) respectively, related to an investment in an associate "Al Dhafra Irrigation Systems L.L.C.". The interim financial information of the associate was reviewed by other independent auditor whose report expressed an unqualified conclusion. We were unable to carry out any review procedures on the investment in an associate and related share of result balances. Had we been able to conduct a review of the associate's interim financial information, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information.

pwc

Russell Bedford

TO THE BOARD OF DIRECTORS OF PALMS AGRO PRODUCTION COMPANY K.S.C.P

Independent auditors' report on review of interim condensed consolidated financial information (Continued)

Qualified Conclusion

Except for the possible effects of the matter described in the "Basis for qualified conclusion" paragraph above, based on our review, 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 Kuwait Companies' Law No. 25 of 2012, as amended, or of the parent company's articles and memorandum of association during the nine month period ended 30 September 2014 that might have had a material effect on the business of the parent company or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine month period ended 30 September 2014.

Khalid Ebrahim Al-Shatti
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PricewaterhouseCoopers (Al-Shatti and Co.)

Bader A. Al-Abduljader
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Member firm of Russell Bedford International

18 November 2014
Kuwait

Palms Agro Production Company K.S.C.P and Subsidiary

Interim condensed consolidated statement of income (unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	**2014**	2013
Revenue		**1,956,372**	1,997,912	**5,958,359**	5,888,111
Cost of revenue		**(1,464,922)**	(1,584,789)	**(4,559,343)**	(4,685,501)
Gross Profit		**491,450**	413,123	**1,399,016**	1,202,610
Selling and marketing expenses	3	**(158,202)**	(131,508)	**(486,037)**	(404,857)
General and administrative expenses	4	**(156,846)**	(144,167)	**(521,832)**	(530,260)
Operating profit		**176,402**	137,448	**391,147**	267,493
Murabaha income		**3,324**	2,407	**7,790**	7,096
Share of results from investment in an associate	5	**(34,845)**	57,436	**(34,301)**	177,455
Other income		**5,912**	7,477	**19,712**	23,218
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**150,793**	204,768	**384,348**	475,262
Provision for contribution to KFAS		**(1,367)**	(1,840)	**(3,469)**	(4,277)
Provision for NLST		**(3,625)**	(4,784)	**(11,119)**	(12,545)
Provision for Zakat		**(1,451)**	(2,302)	**(4,448)**	(5,406)
Profit for the period		**144,350**	195,842	**365,312**	453,034
Basic and diluted earnings per share	12	**2.76 fils**	3.74 fils	**6.98 fils**	8.66 fils

The accompanying notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Palms Agro Production Company K.S.C.P and Subsidiary

Interim condensed consolidated statement of comprehensive income (unaudited)
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	**2014**	2013
Profit for the period	**144,350**	195,842	**365,312**	453,034
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	**28,782**	(16,593)	**26,883**	9,475
Total other comprehensive income for the period	**28,782**	(16,593)	**26,883**	9,475
Total comprehensive income for the period	**173,132**	179,249	**392,195**	462,509

The accompanying notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Palms Agro Production Company K.S.C.P and Subsidiary

Interim condensed consolidated statement of financial position (unaudited)
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Notes	30 September 2014	31 December 2013 (Audited)	30 September 2013
Assets				
Current assets				
Cash and cash equivalents	7	**2,084,715**	2,801,078	2,518,023
Accounts receivable and prepayments	6	**3,953,141**	3,505,850	3,629,828
Amounts due from related parties	13	**18,493**	648,251	647,573
Inventories		**1,998,312**	1,364,551	1,635,132
		8,054,661	8,319,730	8,430,556
Non-current assets				
Property and equipment		**1,430,513**	1,504,524	1,530,130
Investment in an associate	5	**1,434,928**	1,568,746	1,548,141
		2,865,441	3,073,270	3,078,271
Total assets		**10,920,102**	11,393,000	11,508,827
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable and accruals	9	**1,063,842**	925,211	1,119,828
Obligations under finance lease	10	**-**	262,550	250,000
Advances on contracts		**800,786**	1,078,122	1,194,078
		1,864,628	2,265,883	2,563,906
Non- current liability				
Employees' end of service benefits		**599,004**	539,684	533,680
Total liabilities		**2,463,632**	2,805,567	3,097,586
Equity				
Share capital		**5,239,900**	5,239,900	5,239,900
Share premium		**225,000**	225,000	225,000
Treasury Shares	11	**(3,573)**	(3,573)	(3,573)
Statutory reserve		**815,271**	815,271	746,995
General reserve		**815,271**	815,271	746,995
Foreign currency translation reserve		**37,678**	10,795	16,170
Retained earnings		**1,326,923**	1,484,769	1,439,754
Total equity		**8,456,470**	8,587,433	8,411,241
Total liabilities and equity		**10,920,102**	11,393,000	11,508,827

Faisal Fares Al-Fares
Vice Chairman and CEO

Bader Hamad Al-Rabiah
Chairman

The accompanying notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (unaudited)
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total
Balance as of 1 January 2014 (audited)	**5,239,900**	**225,000**	**(3,573)**	**815,271**	**815,271**	**10,795**	**1,484,769**	**8,587,433**
Total comprehensive income for the period	-	-	-	-	-	26,883	365,312	392,195
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
Balance as of 30 September 2014	**5,239,900**	**225,000**	**(3,573)**	**815,271**	**815,271**	**37,678**	**1,326,923**	**8,456,470**
Balance as of 1 January 2013 (audited)	**5,239,900**	**225,000**	**(3,573)**	**746,995**	**746,995**	**6,695**	**1,509,878**	**8,471,890**
Total comprehensive income for the period	-	-	-	-	-	9,475	453,034	462,509
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
Balance as of 30 September 2013	**5,239,900**	**225,000**	**(3,573)**	**746,995**	**746,995**	**16,170**	**1,439,754**	**8,411,241**

The accompanying notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

Palms Agro Production Company K.S.C.P and Subsidiary

Interim condensed consolidated statement of cash flows (unaudited)
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Note	Nine months ended 30 September 2014	2013
Operating activities			
Profit for the period		365,312	453,034
Adjustments for:			
Depreciation		243,648	242,550
Murabaha income		(7,790)	(7,096)
Provision for obsolete and slow moving inventories		6,843	17,215
Provision for impairment of receivables no longer required		(14,929)	(18,376)
Share of results from investment in an associate		34,301	(177,455)
Impairment of property and equipment		-	10,928
Foreign exchange currency gain		(4,782)	(4,842)
Employees' end of service benefits		106,925	71,299
Operating profits before changes in working capital		729,528	587,257
Accounts receivable and prepayments		(432,362)	(466,594)
Inventories		(640,604)	(260,665)
Accounts payables and accruals		121,137	259,818
Advances on contracts		(277,336)	(117,748)
Employees' end of service benefits paid		(47,605)	(22,549)
Net cash (used in) / generated from operating activities		(547,242)	(20,481)
Investing activities			
Purchase of property and equipment		(169,637)	(112,807)
Amounts due from related parties		629,758	401,627
Dividends received from associate		126,400	-
Murabaha income received		7,790	7,096
Net cash generated from / (used in) investing activities		594,311	295,916
Financing activities			
Cash dividends paid		(500,882)	(507,387)
Obligations under finance lease		(262,550)	-
Net cash used in financing activities		(763,432)	(507,387)
Decrease in cash and cash equivalents		(716,363)	(231,952)
Cash and cash equivalents at beginning of the period		2,801,078	2,749,975
Cash and cash equivalents at the end of the period	7	2,084,715	2,518,023

The accompanying notes on pages 8 to 15 form an integral part of this interim condensed consolidated financial information.

1 GENERAL INFORMATION

Palms Agro Production Company K.S.C.P (the parent company) is a Kuwaiti shareholding company (Public) registered and incorporated in Kuwait on 25 May 1982.

The parent company's main activities are import and export business of agricultural supplies, the execution of agricultural contracting work, establishment and management of all types of nurseries and farms, reclamation and development of agricultural land, landscape gardening and ornamentation of public places and cities, utilizing of financial surplus available to the parent company through investing it in portfolios managed by specialized companies and entities, import and circulation of veterinary medicines and concluding agency agreements, inaugurating and operation of veterinary clinics and centers and practicing the professional of veterinary medicine, trading in the Kuwait stock exchange, breeding and trading of chicken and eggs and execution of construction contracts work.

The company operates under license number 33390 and is valid until 13 September 2015.

On 27 March 2013, Decree Law no 97 of year 2013 was issued to amend some articles in Law no. 25 of year 2012 which was issued on 29 November 2012 (New Companies' Law). The amendment stipulates that Executive Regulation of the Law determines the rules and procedures to be followed by the existing companies to adjust their status at the time of putting this law into effect. The Executive Regulations of the new amended law issued on 29 September 2013 was published in the Official Gazette on 6 October 2013.

The accompanying 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; however the subsidiary's licence was suspended on 31 December 2006 and the subsidiary is not having any operations since then.

The parent company is owned by Bayan Holding Company (K.S.C.) with a percentage of 84.11%. The parent company's shares are listed on the Kuwait Stock Exchange.

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

The accompanying interim condensed consolidated financial information was authorised for issue in accordance with a resolution of the board of directors on 11 November 2014.

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 34, "Interim Financial Reporting" (IAS 34).

The interim condensed consolidated financial information does 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 2013. In addition, results for the nine months ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

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 2013, except as described below:

"Asset and Liability Offsetting" – Amendments to IAS 32
These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group anticipates that the adoption of this amendment will have no significant impact on the interim condensed consolidated financial information.

"Impairment of Assets" – Amendments to IAS 36
This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment did not have a material impact on the Group's interim condensed consolidated financial information.

IFRIC 21 – 'Levies'
It sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Standards issued but not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's interim condensed consolidated financial information are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

'IFRS 9 – Financial instruments'
IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through interim condensed consolidated statement of income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

Standards issued but not yet adopted (Continued)

'IFRS 9 – Financial instruments' Continued)

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

'IFRS 15 – Revenue from contracts with customers'
IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

2.2 Judgements and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2013.

3 SELLING AND MARKETING EXPENSES

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2014	2013	**2014**	2013
Salaries and related costs	**121,203**	95,845	**387,097**	314,480
Depreciation	**27,854**	26,228	**81,299**	76,162
Others	**9,145**	9,435	**17,641**	14,215
	158,202	131,508	**486,037**	404,857

4 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2014	2013	**2014**	2013
Salaries and related costs	**56,272**	41,111	**188,238**	154,705
Depreciation	**3,217**	3,603	**10,205**	10,623
Impairment of property and equipment	**-**	10,928	**-**	10,928
Rent	**14,152**	13,677	**42,982**	37,117
Maintenance and repair	**13,921**	1,478	**43,958**	26,781
Electricity and water	**(5,367)**	7,872	**22,594**	21,332
Insurance	**3,966**	20,110	**21,303**	35,741
Others	**70,685**	45,388	**192,552**	233,033
	156,846	144,167	**521,832**	530,260

5 INVESTMENT IN AN ASSOCIATE

The parent company has the following investment in an associate:

Name	County of incorporation	Equity Interest 30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Al Dhafra Irrigation Systems (L.L.C.)	United Arab Emirates	**33%**	33%	33%

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

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Opening balances	**1,568,746**	1,740,332	1,740,332
Share of results of associate	**(34,301)**	203,435	177,455
Declared dividends	**(126,400)**	(379,121)	(379,121)
Foreign currency translation adjustments	**26,883**	4,100	9,475
Ending balances	**1,434,928**	1,568,746	1,548,141

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

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Trade receivables – gross	**2,106,049**	2,009,060	1,867,293
Less: Provision for impairment of trade receivables	**(253,637)**	(268,566)	(268,566)
Trade receivables – net	**1,852,412**	1,740,494	1,598,727
Accrued income	**687,444**	764,541	1,009,031
Retentions receivable	**971,829**	694,809	549,339
Prepaid expenses	**101,396**	141,477	277,311
Advance payments	**301,989**	147,606	175,085
Other receivables	**38,071**	16,923	20,335
	3,953,141	3,505,850	3,629,828

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

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Opening balance	**268,566**	286,942	286,942
Provision for impairment of receivables no longer required	**(14,929)**	(18,376)	(18,376)
	253,637	268,566	268,566

7 CASH AND CASH EQUIVALENTS

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

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Bank balances	**336,954**	1,059,637	778,308
Cash on hand	**15,665**	13,824	14,625
Deposits with original maturity of less than 3 months	**1,732,096**	1,727,617	1,725,090
	2,084,715	2,801,078	2,518,023

Fixed deposits represent deposits with local financial institutions maturing within three months from date of placement with an average rate of profit of 0.9375% (31 December 2013: 0.5625% and 30 September 2013: 0.5625%).

8 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the parent company's shareholders held on 12 May 2014 has approved the consolidated financial statements of the group for the year ended 31 December 2013 and the distribution of cash dividends of 10 fils per share for the year ended 31 December 2013 (31 December 2012: cash dividend of 10 fils per share).

9 ACCOUNTS PAYABLE AND ACCRUALS

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Trade payables	**465,887**	243,407	532,400
Other payables	**174,816**	171,624	181,948
Accrued expenses	**235,158**	328,225	238,208
Dividends payable	**187,981**	165,705	167,272
Board of directors remuneration	**-**	16,250	-
	1,063,842	925,211	1,119,828

10 OBLIGATIONS UNDER FINANCE LEASE

During prior years, the group entered into an agreement with a third party to lease a property from a local Islamic bank. The group's share of the property is 33% as per the agreement with the third party. The lease term matured on 22 April 2014 and the group repaid the remaining final amount of KD 262,550.

11 TREASURY SHARES

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Number of shares	**83,200**	83,200	83,200
Percentage of issued shares	**0.16%**	0.16%	0.16%
Cost (KD)	**3,573**	3,573	3,573
Market Value (KD)	**8,819**	10,483	12,480

12 BASIC AND DILUTED EARNINGS PER SHARE

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 (Unaudited)		Nine months ended 30 September (Unaudited)	
	2014	2013	**2014**	2013
Profit for the period (KD)	**144,350**	195,842	**365,312**	453,03
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	**52,315,800**	52,315,800	**52,315,800**	52,315,80
Basic and diluted earnings per share	**2.76 fils**	3.74 fils	**6.98 fils**	8.66 fil

There are no potential dilutive shares.

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the shareholders of the parent company who are represented in the board of directors, 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, associated companies, directors and key management personnel of the parent company, and entities controlled, jointly controlled or significantly influenced by such parties. In the ordinary course of business, the group has carried some transactions during the period with related parties. The transactions and balances which are included in the interim condensed consolidated financial information are as follows:

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Balances included in the interim condensed consolidated statement of financial position			
Amounts due from associate	10,593	640,358	639,684
Amounts due from the Ultimate Parent Company	7,900	7,893	7,889
	18,493	648,251	647,573

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
Key management compensation	2014	2013	2014	2013
Short-term benefits	10,875	9,750	32,625	29,250
End of service benefits	1,669	1,406	5,007	4,219
	12,544	11,156	37,632	33,469

14 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.

	30 September 2014			
	Commercial segment	Projects Segment	Investment Segment	Total
Segment revenue	2,822,058	3,156,013	(26,511)	5,951,560
Segment expense	2,598,359	2,968,853	-	5,567,212
Segment profit	223,699	187,160	(26,511)	384,348
Segment assets	4,796,491	2,938,094	3,185,517	10,920,102
Segment liabilities	795,932	1,667,700	-	2,463,632

14 SEGMENT INFORMATION (Continued)

	30 September 2013			
	Commercial Segment	Projects Segment	Investment Segment	Total
Segment revenue	2,739,011	3,172,318	184,551	6,095,880
Segment expense	2,508,755	3,111,863	-	5,620,618
Segment profit	230,256	60,455	184,551	475,262
Segment assets	4,681,650	2,906,373	3,920,804	11,508,827
Segment liabilities	1,008,927	2,088,659	-	3,097,586

	Nine months ended 30 September	
	2014	2013
Adjustments		
Segment profit	**384,348**	475,262
Unallocated expenses	**(19,036)**	(22,228)
Segment profit	**365,312**	453,034

15 CONTINGENCIES

The parent company had letters of guarantee toward foreign purchases amounted to KD 5,316,201 (31 December 2013: KD 5,025,523 and 30 September 2013: KD 4,783,221). In addition, the parent company has guaranteed its associate against banking facilities amounting to KD 4,574,790 (31 December 2013: KD 9,488,965 and 30 September 2013: KD 8,876,020).