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

Interim Condensed Consolidated Financial Information and Independent Auditors' Review Report for the six month period ended 30 June 2015 (Unaudited)

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Interim condensed consolidated financial information and independent auditors' review report (unaudited)
For the six month period ended 30 June 2015

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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 June 2015, the related interim condensed consolidated statements of income and comprehensive income for the three month and six month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six 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, 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.

Basis for qualified conclusion

The group's total assets and profit include an amount of KD 1,196,785 (31 December 2014: KD 1,240,471 and 30 June 2014: KD 1,440,991) and losses of KD 78,081 (30 June 2014: profits of KD 544) respectively, related to an investment in 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 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 have been necessary to the interim condensed consolidated financial information.

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 Companies' Law No. 25 of 2012, as amended, or of the parent company's articles and memorandum of association during the six month period ended 30 June 2015 that might have had a material effect on the business of the group 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 six month period ended 30 June 2015.

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

Bader A. Al-Abduljader
License No. 207 "A"
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Member firm of Russell Bedford International

18 August 2015
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 June		Six months ended 30 June	
		2015	2014	**2015**	2014
Revenue		**2,604,750**	2,197,159	**5,228,740**	4,001,987
Cost of revenue		**(1,759,727)**	(1,729,844)	**(3,828,497)**	(3,094,421)
Gross profit		**845,023**	467,315	**1,400,243**	907,566
Selling and marketing expenses	3	**(164,812)**	(169,056)	**(356,417)**	(327,835)
General and administrative expenses	4	**(178,778)**	(207,762)	**(380,826)**	(364,986)
Provision for impairment of receivables	6	**(302)**	-	**(25,369)**	-
Provision for obsolete and slow moving inventories		**(7,200)**	-	**(11,900)**	-
Operating profit		**493,931**	90,497	**625,731**	214,745
Investment (loss) / income	14	**(53,397)**	1,897	**(38,049)**	4,466
Share of results from investment in associates	5	**(46,962)**	(16,204)	**(78,081)**	544
Other income		**791**	13,800	**791**	13,800
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**394,363**	89,990	**510,392**	233,555
Provision for contribution to KFAS		**(3,944)**	(810)	**(5,104)**	(2,102)
Provision for NLST		**(11,227)**	(3,060)	**(13,691)**	(7,494)
Provision for Zakat		**(4,268)**	(1,223)	**(5,253)**	(2,997)
Profit for the period		**374,924**	84,897	**486,344**	220,962
Basic and diluted earnings per share	11	**7.17 fils**	1.62 fils	**9.30 fils**	4.22 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 June		Six months ended 30 June	
	2015	2014	**2015**	2014
Profit for the period	**374,924**	84,897	**486,344**	220,962
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	**6,392**	1,088	**34,395**	(1,899)
Total other comprehensive income / (loss) for the period	**6,392**	1,088	**34,395**	(1,899)
Total comprehensive income for the period	**381,316**	85,985	**520,739**	219,063

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 June 2015	31 December 2014 (Audited)	30 June 2014
Assets				
Current assets				
Cash and cash equivalents	7	1,572,697	2,120,905	1,871,298
Accounts receivable and prepayments	6	5,141,953	4,629,138	3,630,309
Financial assets at fair value through profit or loss	12	105,098	-	-
Amounts due from related parties	13	18,500	18,496	771,851
Inventories		2,060,304	1,785,166	1,868,006
		8,898,552	8,553,705	8,141,464
Non-current assets				
Property and equipment		1,321,894	1,485,837	1,440,815
Investment in associates	5	1,229,785	1,240,471	1,440,991
		2,551,679	2,726,308	2,881,806
Total assets		11,450,231	11,280,013	11,023,270
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable and accruals	9	1,963,050	1,472,964	1,274,858
Advances on contracts		278,474	618,326	859,205
		2,241,524	2,091,290	2,134,063
Non- current liability				
Employees' end of service benefits		637,119	614,716	605,869
Total liabilities		2,878,643	2,706,006	2,739,932
Equity				
Share capital		5,239,900	5,239,900	5,239,900
Share premium		225,000	225,000	225,000
Treasury shares	10	(3,573)	(3,573)	(3,573)
Statutory reserve		866,513	866,513	815,271
General reserve		866,513	866,513	815,271
Foreign currency translation reserve		87,809	53,414	8,896
Retained earnings		1,289,426	1,326,240	1,182,573
Total equity		8,571,588	8,574,007	8,283,338
Total liabilities and equity		11,450,231	11,280,013	11,023,270

Bader Hamad Al-Rabiah
Chairman

Faisal Fares Al-Fares
Vice Chairman and CEO

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 2015 (audited)	**5,239,900**	**225,000**	**(3,573)**	**866,513**	**866,513**	**53,414**	**1,326,240**	**8,574,007**
Total comprehensive income for the period	-	-	-	-	-	34,395	486,344	520,739
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
Balance as of 30 June 2015	**5,239,900**	**225,000**	**(3,573)**	**866,513**	**866,513**	**87,809**	**1,289,426**	**8,571,588**
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	-	-	-	-	-	(1,899)	220,962	219,063
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
Balance as of 30 June 2014	**5,239,900**	**225,000**	**(3,573)**	**815,271**	**815,271**	**8,896**	**1,182,573**	**8,283,338**

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	Six months ended 30 June	
		2015	**2014**
Operating activities			
Profit for the period		**486,344**	220,962
Adjustments for:			
Depreciation		**166,946**	162,058
Murabaha income		**(4,881)**	(4,466)
Provision for impairment of receivables	6	**25,369**	-
Recovery of provision for impairment of receivables	6	**791**	(13,800)
Provision for obsolete and slow moving inventories		**11,900**	4,858
Share of results from investment in associates	5	**78,081**	(544)
Change in fair value of financial assets at fair value through profit or loss		**42,930**	-
Employees' end of service benefits		**52,552**	86,061
Operating profits before changes in working capital		**860,032**	455,129
Accounts receivable and prepayments		**(538,975)**	(110,659)
Inventories		**(287,038)**	(508,313)
Accounts payables and accruals		**474,017**	322,839
Advances on contracts		**(339,852)**	(218,917)
Employees' end of service benefits paid		**(30,149)**	(19,876)
Net cash generated from / (used in) operating activities		**138,035**	(79,797)
Investing activities			
Purchase of property and equipment		**(3,003)**	(98,349)
Amounts due from related parties		**(4)**	2,800
Purchase of financial assets at fair value through profit or loss		**(148,028)**	-
Purchase of investment in associates		**(33,000)**	-
Murabaha income received		**4,881**	4,466
Net cash used in investing activities		**(179,154)**	(91,083)
Financing activities			
Cash dividends paid		**(507,089)**	(496,350)
Obligations under finance lease		**-**	(262,550)
Net cash used in financing activities		**(507,089)**	(758,900)
Decrease in cash and cash equivalents		**(548,208)**	(929,780)
Cash and cash equivalents at beginning of the period		**2,120,905**	2,801,078
Cash and cash equivalents at the end of the period	7	**1,572,697**	1,871,298

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 closed shareholding company 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 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 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 10 August 2015.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual financial statements for the year ended 31 December 2014. In the opinion of management all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For further information, refer to the annual audited financial statements for the year ended 31 December 2014.

2.2 Accounting policies

The accounting policies used in the preparation of the 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 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the group which are effective for annual reporting period starting from 1 January 2015 and did not result in any material impact on the accounting policies, financial position or performance of the group, and the adoption of the following new accounting policy:

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Accounting policies (Continued)

Financial assets at fair value through profit or loss

(a) Classification

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. 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) Recognition, derecognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the interim condensed 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. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the interim condensed consolidated statement of income in the period in which they arise.

2.3 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 2014.

3 SELLING AND MARKETING EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
Salaries and related costs	**148,067**	155,851	**275,189**	265,894
Depreciation	**33,097**	27,183	**67,664**	53,445
Others	**(16,352)**	(13,978)	**13,564**	8,496
	164,812	169,056	**356,417**	327,835

4 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
Salaries and related costs	**68,761**	69,136	**142,302**	131,966
Depreciation	**3,424**	3,357	**6,861**	6,988
Rent	**15,348**	14,983	**30,320**	28,830
Maintenance and repair	**10,228**	21,575	**16,664**	30,037
Electricity and water	**2,906**	15,196	**15,366**	27,961
Insurance	**4,115**	6,738	**20,365**	17,337
Others	**73,996**	76,777	**148,948**	121,867
	178,778	207,762	**380,826**	364,986

5 INVESTMENT IN ASSOCIATES

The parent company has the following investment in associates:

Name	County of incorporation	Equity Interest 30 June 2015	31 December 2014 (Audited)	30 June 2014
Al Dhafra Irrigation Systems (L.L.C.)	United Arab Emirates	33%	33%	33%
Durra Al- Nakeel Real Estate Company W.L.L	Kuwait	33%	-	-

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

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Opening balances	1,240,471	1,568,746	1,568,746
Share of results of associates	(78,081)	(244,494)	544
Declared dividends	-	(126,400)	(126,400)
Acquired during the period	33,000	-	-
Foreign currency translation adjustments	34,395	42,619	(1,899)
Ending balances	1,229,785	1,240,471	1,440,991

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

On 3 May 2015, the parent company participated in the incorporation of its newly established associate "Durra Al- Nakeel Real Estate Company W.L.L" with share capital amounting to KD 100,000 and equity interest of 33%. The associate's main activities are management, development, purchasing and selling of land and real estate. The associate did not start operations as at 30 June 2015.

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Trade receivables – gross	3,534,440	2,955,632	2,201,369
Less: Provision for impairment of trade receivables	(52,587)	(28,009)	(254,766)
Trade receivables – net	3,481,853	2,927,623	1,946,603
Accrued income	141,068	320,867	307,732
Retentions receivable	1,377,182	1,185,847	920,840
Prepaid expenses	70,094	56,229	121,832
Advance payments	49,928	119,087	308,105
Other receivables	21,828	19,485	25,197
	5,141,953	4,629,138	3,630,309

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS (Continued)

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

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Opening balance	28,009	268,566	268,566
Provision for impairment of receivables	25,369	-	-
Provision write off	-	(225,628)	-
Recovery of provision for impairment of receivables	(791)	(14,929)	(13,800)
	52,587	28,009	254,766

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 June 2015	31 December 2014 (Audited)	30 June 2014
Bank balances	249,931	370,861	556,909
Cash on hand	14,025	14,124	15,524
Deposits with original maturity of less than 3 months	1,306,945	1,735,920	1,298,865
Cash held at portfolio	1,796	-	-
	1,572,697	2,120,905	1,871,298

Fixed deposits represent deposits with local financial institutions maturing within three months from date of placement with an average rate of profit of 0.6466% (31 December 2014: 0.6931% and 30 June 2014: 0.5625%).

8 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the parent company's shareholders held on 28 May 2015 approved the consolidated financial statements of the group for the year ended 31 December 2014 and the distribution of cash dividends of 10 fils per share for the year ended 31 December 2014 (31 December 2013: cash dividend of 10 fils per share).

9 ACCOUNTS PAYABLE AND ACCRUALS

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Trade payables	878,200	347,006	628,213
Other payables	191,475	232,990	194,953
Accrued expenses	300,387	423,099	259,179
Dividends payable	193,814	177,745	192,513
Advances from customers	399,174	292,124	-
	1,963,050	1,472,964	1,274,858

10 TREASURY SHARES

	30 June 2015	31 December 2014 (Audited)	30 June 2014
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)	**7,738**	9,152	9,152

11 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 June		Six months ended 30 June	
	2015	2014	**2015**	2014
Profit for the period (KD)	**374,924**	84,897	**486,344**	220,962
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	**7.17 fils**	1.62 fils	**9.30 fils**	4.22 fils

There are no potential dilutive shares.

12 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
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 2).
3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial instruments that are measured at fair value on a recurring basis.

30 June 2015	**Level 1**	**Total**
Financial assets at fair value through profit or loss		
Quoted securities	**105,098**	**105,098**

(i) Financial instruments in level 1

The fair value of financial instruments carried at fair value on recurring basis traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the last bid price.

The fair value of financial assets and liabilities measured at amortised cost approximates their carrying amounts.

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 June 2015	31 December 2013 (Audited)	30 June 2014
Balances included in the interim condensed consolidated statement of financial position			
Amounts due from associate	**10,593**	10,593	763,953
Amounts due from the Ultimate Parent Company	**7,907**	7,903	7,898
Financial assets at fair value through profit or loss - Al-Salbookh Trading Company K.S.C.P.	**105,098**	-	-
	123,598	18,496	771,851

	Three months ended 30 June		Six months ended 30 June	
Key management compensation	**2015**	2014	**2015**	2014
Short-term benefits	**12,000**	12,000	**24,000**	21,750
End of service benefits	**1,730**	1,731	**3,460**	3,338
	13,730	13,731	**27,460**	25,088

14 INVESTMENT (LOSS) / INCOME

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
Murabaha Income	**2,335**	1,897	**4,881**	4,466
Change in fair value of financial assets at fair value through profit or loss	**(55,732)**	-	**(42,930)**	-
	(53,397)	1,897	**(38,049)**	4,466

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.

	30 June 2015			
	Commercial segment	Projects segment	Investment segment	Total
Segment revenue	1,952,095	3,277,436	(116,130)	5,113,401
Segment expense	1,760,914	2,842,095	-	4,603,009
Segment profit / loss	191,181	435,341	(116,130)	510,392
Segment assets	5,571,492	3,216,615	2,662,124	11,450,231
Segment liabilities	1,263,384	1,615,259	-	2,878,643
Depreciation	101,931	65,015	-	166,946
Purchase of property and equipment	2,650	353	-	3,003

	30 June 2014			
	Commercial segment	Projects segment	Investment segment	Total
Segment revenue	1,906,509	2,109,278	5,010	4,020,797
Segment expense	1,806,085	1,981,157	-	3,787,242
Segment profit	100,424	128,121	5,010	233,555
Segment assets	4,628,791	2,882,772	3,511,707	11,023,270
Segment liabilities	1,038,696	1,701,236	-	2,739,932
Depreciation	101,719	60,339	-	162,058
Purchase of property and equipment	67,144	31,205	-	98,349

	Six months ended 30 June	
	2015	2014
Adjustments		
Segment profit	510,392	233,555
Unallocated costs	(24,048)	(12,593)
Segment profit	486,344	220,962

16 CONTINGENCES

The parent company had letters of guarantee amounting to KD 4,518,170 (31 December 2014: 5,019,631 and 30 June 2014: 5,135,086). In addition, the parent company has guaranteed its associate against banking facilities amounting to KD 2,772,662. (31 December 2014: 5,198,642 and 30 June 2014: 6,302,877).