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 2016 (Unaudited)

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For the nine month period ended 30 September 2016

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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 2016, the related interim condensed consolidated statements of income and comprehensive income for the three month and 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, 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 investment in Al Dhafra Irrigation Systems L.L.C "Al Dhafra", a foreign associate accounted for using the equity method, is carried at KD 1,130,470 (31 December 2015: KD 1,123,729 and 30 September 2015: KD 1,156,053) on the interim condensed consolidated statement of financial position. The group share of Al Dhafra net income of KD 13,972 (30 September 2015: losses of KD 118,943), and the exchange differences arising on translation of foreign operations relating to Al Dhafra of KD 7,231 loss (30 September 2015: KD 34,525 gain) are included in the interim condensed consolidated statement of comprehensive income. We were unable to review the carrying amount of the group investment in Al Dhafra as at 30 September 2016 and the group share of Al Dhafra net income and other comprehensive income for the period ended 30 September 2016. Had we been able to perform a review of Al Dhafra financial information for the nine-month period ended 30 September 2016, 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 adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been the situation 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 International Accounting Standard 34, 'Interim financial reporting'.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the parent company. We further report that nothing has come to our attention indicating any contravention during the nine month period ended 30 September 2016, of Companies Law no. 1 of 2016 and its executive bylaws, nor of the parent company's articles of association, that might have had material effect on the parent company's activities or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the nine month period ended 30 September 2016 of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations.

Khalid Ebrahim Al-Shatti
License No. 175 A
PricewaterhouseCoopers (Al-Shatti and Co.)

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Member firm of Russell Bedford International

21 November 2016
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	
		2016	2015	**2016**	2015
Revenue		**1,241,024**	2,329,047	**4,813,971**	7,557,787
Cost of revenue		**(887,715)**	(1,766,307)	**(3,481,262)**	(5,594,804)
Gross profit		**353,309**	562,740	**1,332,709**	1,962,983
Selling and marketing expenses	3	**(145,802)**	(148,760)	**(453,484)**	(505,177)
General and administrative expenses	4	**(121,118)**	(248,255)	**(445,363)**	(629,081)
Recovery of provision / (provision for impairment) of receivables	6	**5,500**	1,791	**5,500**	(23,578)
Provision for obsolete and slow moving inventories		**(2,500)**	(9,800)	**(6,801)**	(21,700)
Operating profit		**89,389**	157,716	**432,561**	783,447
Investment loss	14	**(4,149)**	(6,469)	**(18,022)**	(44,518)
Share of results from investment in associates	5	**4,431**	(40,862)	**13,972**	(118,943)
Other income		**9,154**	489	**21,194**	1,280
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat		**98,825**	110,874	**449,705**	621,266
Provision for contribution to KFAS		**(1,115)**	(1,109)	**(4,584)**	(6,213)
Provision for NLST		**(2,632)**	(2,212)	**(12,599)**	(15,903)
Provision for Zakat		**(1,053)**	(1,108)	**(5,040)**	(6,361)
Profit for the period		**94,025**	106,445	**427,482**	592,789
Basic and diluted earnings per share	11	**1.80 fils**	2.03 fils	**8.17 fils**	11.33 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	
	2016	2015	**2016**	2015
Profit for the period	**94,025**	106,445	**427,482**	592,789
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	**(1,382)**	130	**(7,231)**	34,525
Total other comprehensive (loss) / income for the period	**(1,382)**	130	**(7,231)**	34,525
Total comprehensive income for the period	**92,643**	106,575	**420,251**	627,314

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 2016**	31 December 2015 (Audited)	30 September 2015
Assets				
Current assets				
Cash and cash equivalents	7	**2,341,560**	1,641,920	1,484,059
Accounts receivable and prepayments	6	**4,255,511**	5,717,504	5,465,026
Financial assets at fair value through profit or loss	12	**69,671**	96,831	96,831
Amounts due from related parties	13	**21,172**	20,172	20,170
Inventories		**1,941,248**	1,738,821	1,952,911
		8,629,162	9,215,248	9,018,997
Non-current assets				
Property and equipment		**1,154,400**	1,248,514	1,310,314
Investment in associates	5	**1,163,470**	1,156,729	1,189,053
		2,317,870	2,405,243	2,499,367
Total assets		**10,947,032**	11,620,491	11,518,364
Liabilities and equity				
Liabilities				
Current liabilities				
Accounts payable and accruals	9	**1,276,098**	1,804,512	1,958,631
Advances on contracts		**94,990**	166,893	234,652
		1,371,088	1,971,405	2,193,283
Non-current liability				
Employees' end of service benefits		**696,300**	666,535	646,918
Total liabilities		**2,067,388**	2,637,940	2,840,201
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		**963,614**	963,614	866,513
General reserve		**963,614**	963,614	866,513
Foreign currency translation reserve		**85,398**	92,629	87,939
Retained earnings		**1,405,691**	1,501,367	1,395,871
Total equity		**8,879,644**	8,982,551	8,678,163
Total liabilities and equity		**10,947,032**	11,620,491	11,518,364

Bader Hamad Al-Rabiah
Chairman

Faisal Fares Al-Fares
Vice Chairman and CEO

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 2016 (audited)	**5,239,900**	**225,000**	**(3,573)**	**963,614**	**963,614**	**92,629**	**1,501,367**	**8,982,551**
Total comprehensive income for the period	-	-	-	-	-	(7,231)	427,482	420,251
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
Balance as of 30 September 2016	**5,239,900**	**225,000**	**(3,573)**	**963,614**	**963,614**	**85,398**	**1,405,691**	**8,879,644**
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	-	-	-	-	-	34,525	592,789	627,314
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
Balance as of 30 September 2015	**5,239,900**	**225,000**	**(3,573)**	**866,513**	**866,513**	**87,939**	**1,395,871**	**8,678,163**

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 2016	2015
Operating activities			
Profit for the period		**427,482**	592,789
Adjustments for:			
Depreciation		**195,349**	246,638
Murabaha income	14	**(9,138)**	(6,677)
Gain on disposal of property and equipment		**(15,290)**	-
(Recovery of provision) / provision for impairment of receivables	6	**(5,500)**	23,578
Provision for obsolete and slow moving inventories		**6,801**	21,700
Share of results from investment in associates	5	**(13,972)**	118,943
Change in fair value of financial assets at fair value through profit or loss	14	**27,160**	51,195
Employees' end of service benefits		**63,912**	74,276
Operating profits before changes in working capital		**676,804**	1,122,442
Accounts receivable and prepayments		**1,467,493**	(859,466)
Inventories		**(209,228)**	(189,445)
Accounts payables and accruals		**(542,643)**	476,840
Advances on contracts		**(71,903)**	(383,674)
Employees' end of service benefits paid		**(34,147)**	(42,074)
Net cash generated from operating activities		**1,286,376**	124,623
Investing activities			
Purchase of property and equipment		**(101,235)**	(71,115)
Proceeds from disposal of property and equipment		**15,290**	-
Amounts due from related parties		**(1,000)**	(1,674)
Purchase of financial assets at fair value through profit or loss		**-**	(148,026)
Purchase of investment in associates		**-**	(33,000)
Murabaha income received		**9,138**	6,677
Net cash used in investing activities		**(77,807)**	(247,138)
Financing activities			
Cash dividends paid		**(508,929)**	(514,331)
Net cash used in financing activities		**(508,929)**	(514,331)
Increase / (decrease) in cash and cash equivalents		**699,640**	(636,846)
Cash and cash equivalents at beginning of the period		**1,641,920**	2,120,905
Cash and cash equivalents at the end of the period	7	**2,341,560**	1,484,059

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 13 November 2016.

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 2015. 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 nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, refer to the annual audited financial statements for the year ended 31 December 2015.

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 2015, 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 2016 and did not result in any material impact on the accounting policies, financial position or performance of the group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015.

3 SELLING AND MARKETING EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	**2016**	2015
Salaries and related costs	**115,730**	106,974	**357,242**	382,163
Depreciation	**29,421**	33,369	**87,113**	101,033
Others	**651**	8,417	**9,129**	21,981
	145,802	148,760	**453,484**	505,177

4 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	**2016**	2015
Salaries and related costs	**64,917**	42,853	**185,104**	185,155
Depreciation	**3,087**	3,395	**9,419**	10,256
Rent	**3,911**	12,908	**44,108**	43,228
Maintenance and repair	**7,674**	31,809	**28,134**	48,473
Electricity and water	**7,434**	7,833	**22,933**	23,199
Insurance	**3,808**	4,723	**14,443**	25,088
Others	**30,287**	144,734	**141,222**	293,682
	121,118	248,255	**445,363**	629,081

5 INVESTMENT IN ASSOCIATES

The parent company has the following investment in associates:

Name	County of incorporation	Equity Interest 30 September 2016	31 December 2015 (Audited)	30 September 2015
Al Dhafra Irrigation Systems (L.L.C.)	United Arab Emirates	**33%**	33%	33%
Durra Al- Nakeel Real Estate Company W.L.L	Kuwait	**33%**	33%	33%

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

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Opening balances	**1,156,729**	1,240,471	1,240,471
Share of results of associates	**13,972**	(127,957)	(118,943)
Impairment charged	**-**	(28,000)	-
Acquired during the period	**-**	33,000	33,000
Foreign currency translation adjustments	**(7,231)**	39,215	34,525
Ending balances	**1,163,470**	1,156,729	1,189,053

The parent company has recorded its share of results based on reviewed interim financial information of the associate company - Al Dhafra Irrigation Systems (L.L.C.).

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 September 2016.

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Trade receivables – gross	**1,763,836**	3,572,400	3,404,807
Less: provision for impairment of trade receivables	**(45,625)**	(51,582)	(51,587)
Trade receivables – net	**1,718,211**	3,520,818	3,353,220
Accrued income	**420,197**	238,196	401,514
Retentions receivable	**1,990,142**	1,778,139	1,593,221
Prepaid expenses	**29,031**	17,371	39,616
Advance payments	**56,415**	131,829	49,615
Other receivables	**41,515**	31,151	27,840
	4,255,511	5,717,504	5,465,026

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS (Continued)

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

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Opening balance	**51,582**	28,009	28,009
Provision for impairment of receivables	**-**	25,369	25,369
Recovery of provision for impairment of receivables	**(5,500)**	(1,796)	(1,791)
Provision write off	**(457)**	-	-
	45,625	51,582	51,587

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 2016	31 December 2015 (Audited)	30 September 2015
Bank balances	**469,179**	532,585	376,807
Cash on hand	**13,025**	13,825	13,525
Deposits with original maturity of less than 3 months	**1,851,803**	1,093,780	1,091,965
Cash held at portfolio	**7,553**	1,730	1,762
	2,341,560	1,641,920	1,484,059

Fixed deposits represent deposits with local financial institutions maturing within three months from date of placement with an average rate of profit of 0.973% (31 December 2015: 0.6574% and 30 September 2015: 0.6431%).

8 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the parent company's shareholders held on 27 April 2016 approved the consolidated financial statements of the group for the year ended 31 December 2015 and the distribution of cash dividends of 10 fils per share for the year ended 31 December 2015 (31 December 2014: cash dividend of 10 fils per share).

9 ACCOUNTS PAYABLE AND ACCRUALS

	30 September 2016	31 December 2015 (Audited)	30 September 2015
Trade payables	**700,260**	1,034,869	1,268,571
Other payables	**176,140**	162,794	194,215
Accrued expenses	**201,579**	392,959	309,273
Dividends payable	**198,119**	183,890	186,572
Board of directors remuneration	**-**	30,000	-
	1,276,098	1,804,512	1,958,631

10 TREASURY SHARES

	30 September 2016	31 December 2015 (Audited)	30 September 2015
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)	**7,987**	9,318	8,486

11 BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 30 September		**Nine months ended 30 September**	
	2016	2015	**2016**	2015
Profit for the period (KD)	**94,025**	106,445	**427,482**	592,789
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	**1.80 fils**	2.03 fils	**8.17 fils**	11.33 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.

	Level 1	Total
30 September 2016		
Financial assets at fair value through profit or loss		
Quoted securities	**69,671**	**69,671**
31 December 2015 (Audited)		
Financial assets at fair value through profit or loss		
Quoted securities	96,831	96,831
30 September 2015		
Financial assets at fair value through profit or loss		
Quoted securities	96,831	96,831

12 FAIR VALUE ESTIMATION (Continued)

(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 September 2016	31 December 2015 (Audited)	30 September 2015
Balances included in the interim condensed consolidated statement of financial position			
Amounts due from related parties			
Amounts due from associate	**12,261**	12,261	12,261
Amounts due from the Ultimate Parent Company	**8,911**	7,911	7,909
Total	**21,172**	20,172	20,170
Financial assets at fair value through profit or loss - Al-Salbookh Trading Company K.S.C.P.	**69,671**	96,831	96,831

	Three months ended 30 September		**Nine months ended 30 September**	
Key management compensation	**2016**	2015	**2016**	2015
Short-term benefits	**12,000**	12,000	**36,000**	36,000
End of service benefits	**1,730**	1,730	**5,190**	5,190
	13,730	13,730	**41,190**	41,190

14 INVESTMENT LOSS

	Three months ended 30 September		**Nine months ended 30 September**	
	2016	2015	**2016**	2015
Murabaha income	**4,117**	1,796	**9,138**	6,677
Change in fair value of financial assets at fair value through profit or loss	**(8,266)**	(8,265)	**(27,160)**	(51,195)
	(4,149)	(6,469)	**(18,022)**	(44,518)

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 September 2016			
	Commercial segment	**Projects segment**	**Investment segment**	**Total**
Segment revenue	**2,072,777**	**2,767,888**	**(4,050)**	**4,836,615**
Segment expense	**1,961,509**	**2,425,401**	**-**	**4,386,910**
Segment profit / (loss)	**111,268**	**342,487**	**(4,050)**	**449,705**
Depreciation	**133,284**	**62,065**	**-**	**195,349**
Purchase of property and equipment	**86,751**	**14,484**	**-**	**101,235**

	30 September 2015			
	Commercial segment	Projects segment	Investment segment	Total
Segment revenue	2,678,061	4,882,797	(163,461)	7,397,397
Segment expense	(2,565,900)	(4,210,231)	-	(6,776,131)
Segment profit / (loss)	112,161	672,566	(163,461)	621,266
Depreciation	138,077	108,561	-	246,638
Purchase of property and equipment	55,052	16,063	-	71,115

	Nine months ended 30 September	
	2016	2015
Adjustments		
Segment profit	**449,705**	621,266
Unallocated costs	**(22,223)**	(28,477)
Segment profit	**427,482**	592,789

15 SEGMENT INFORMATION (Continued)

Segmental distribution of assets and liabilities

	Commercial segment	Projects segment	Investment segment	Total
Total segment assets				
30 September 2016	**3,511,235**	**4,322,128**	**3,113,669**	**10,947,032**
31 December 2015	4,933,272	4,317,977	2,369,242	11,620,491
30 September 2015	4,654,831	4,465,514	2,398,019	11,518,364

	Commercial segment	Projects segment	Investment segment	Total
Total segment liabilities				
30 September 2016	**849,581**	**1,217,807**	**-**	**2,067,388**
31 December 2015	1,238,465	1,399,475	-	2,637,940
30 September 2015	1,211,197	1,629,004	-	2,840,201

16 CONTINGENCES

The parent company had letters of guarantee amounting to KD 3,839,200 (31 December 2015: 4,368,001 and 30 September 2015: 4,103,142). In addition, the parent company has guaranteed its associate against banking facilities amounting to KD Nil. (31 December 2015: Nil and 30 September 2015: 2,772,662).