

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

**Interim Condensed Consolidated Financial  
Information and Independent Auditor's Review Report  
for the six month period ended 30 June 2017 (Unaudited)**



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

**Interim condensed consolidated financial information and independent auditor's review report  
(unaudited)**

**For the six month period ended 30 June 2017**

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

### Independent auditor's 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 its subsidiary (together referred to as "the group") as at 30 June 2017, 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 investment in Al Dhafra Irrigation Systems L.L.C "Al Dhafra", a foreign associate accounted for using the equity method, is carried at KD 739,096 (31 December 2016: KD 838,040 and 30 June 2016: KD 1,127,421) on the interim condensed consolidated statement of financial position. The group's share of Al Dhafra net losses of KD 98,664 (30 June 2016: income of KD 9,541), and the exchange differences arising on translation of foreign operations relating to Al Dhafra of KD 280 loss (30 June 2016: KD 5,849 loss) are included in the interim condensed consolidated statement of comprehensive income. We were unable to review the carrying amount of the group's investment in Al Dhafra as at 30 June 2017 and the group's share of Al Dhafra results and other comprehensive income for the period ended 30 June 2017. Had we been able to perform a review of Al Dhafra financial information for the six-month period ended 30 June 2017, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information.





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

Independent auditor's 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, nothing has come to our attention indicating that the interim condensed consolidated financial information is not 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. 1 of 2016 and its executive bylaw during the six month period ended 30 June 2017 that might have had a material effect on the business of the group or on its financial position.

Ahmed Mohammed Abdulrahman Al-Rasheed  
License No. 39 A  
PricewaterhouseCoopers (Al-Shatti & Co.)

22 August 2017  
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	
		2017	2016	2017	2016
Revenue		930,616	1,638,553	1,963,586	3,549,558
Cost of revenue		(627,791)	(1,167,594)	(1,328,810)	(2,593,547)
<b>Gross profit</b>		<b>302,825</b>	<b>470,959</b>	<b>634,776</b>	<b>956,011</b>
Change in fair value of biological assets		-	5,171	8,694	23,389
Selling and marketing expenses	3	(141,167)	(147,791)	(296,512)	(307,682)
General and administrative expenses	4	(126,725)	(143,498)	(272,639)	(328,546)
Other income		-	9,040	-	12,040
<b>Operating profit</b>		<b>34,933</b>	<b>193,881</b>	<b>74,319</b>	<b>355,212</b>
Investment (loss) / income	14	(8,513)	175	4,324	(13,873)
Share of results from investment in associate	5	(89,030)	5,384	(98,664)	9,541
<b>(Loss) / profit for the period before reversal / (provisions) for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labor Support Tax ("NLST") and Zakat</b>		<b>(62,610)</b>	<b>199,440</b>	<b>(20,021)</b>	<b>350,880</b>
Contribution to KFAS		426	(1,955)	-	(3,469)
NLST		778	(5,631)	-	(9,967)
Zakat		1,571	(2,251)	-	(3,987)
<b>(Loss) / profit for the period</b>		<b>(59,835)</b>	<b>189,603</b>	<b>(20,021)</b>	<b>333,457</b>
<b>Basic and diluted (losses) / earnings per share</b>	11	<b>(1.14 fils)</b>	<b>3.62 fils</b>	<b>(0.38 fils)</b>	<b>6.37 fils</b>



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	
	2017	2016	2017	2016
(Loss) / profit for the period	<b>(59,835)</b>	189,603	<b>(20,021)</b>	333,457
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations	<b>3,123</b>	(3,118)	<b>(280)</b>	(5,849)
Total other comprehensive income / (loss) for the period	<b>3,123</b>	(3,118)	<b>(280)</b>	(5,849)
<b>Total comprehensive (loss) / income for the period</b>	<b>(56,712)</b>	186,485	<b>(20,301)</b>	327,608



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 2017	31 December 2016 (audited)	30 June 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property and equipment		996,755	1,095,724	1,205,784
Investment in associates	5	772,096	871,040	1,160,421
Accounts receivable and prepayments	6	2,026,873	1,944,355	1,836,718
		<u>3,795,724</u>	<u>3,911,119</u>	<u>4,202,923</u>
<b>Current assets</b>				
Inventories		1,396,273	1,520,923	1,493,434
Biological assets		446,527	365,456	328,241
Amounts due from related parties	13	21,172	185,452	21,172
Accounts receivable and prepayments	6	2,743,576	2,664,261	2,836,670
Financial assets at fair value through profit or loss	12	69,671	76,757	77,937
Cash and cash equivalents	7	2,092,615	2,582,226	1,757,406
		<u>6,769,834</u>	<u>7,395,075</u>	<u>6,514,860</u>
<b>Total assets</b>		<u>10,565,558</u>	<u>11,306,194</u>	<u>10,717,783</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
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		1,033,497	1,033,497	963,614
General reserve		1,033,497	1,033,497	963,614
Foreign currency translation reserve		98,487	98,767	86,780
Retained earnings		940,762	1,483,941	1,311,666
<b>Net equity</b>		<u>8,567,570</u>	<u>9,111,029</u>	<u>8,787,001</u>
<b>LIABILITIES</b>				
<b>Non-current liability</b>				
Employees' end of service benefits		660,823	680,301	700,165
<b>Current liabilities</b>				
Advances on contracts		53,106	81,296	100,545
Accounts payable and accruals	9	1,284,059	1,433,568	1,130,072
		<u>1,337,165</u>	<u>1,514,864</u>	<u>1,230,617</u>
<b>Total liabilities</b>		<u>1,997,988</u>	<u>2,195,165</u>	<u>1,930,782</u>
<b>Total equity and liabilities</b>		<u>10,565,558</u>	<u>11,306,194</u>	<u>10,717,783</u>

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.

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

**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
<b>Balance as of 1 January 2017 (audited)</b>	5,239,900	225,000	(3,573)	1,033,497	1,033,497	98,767	1,483,941	9,111,029
Total comprehensive loss for the period	-	-	-	-	-	(280)	(20,021)	(20,301)
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
<b>Balance as of 30 June 2017</b>	<b>5,239,900</b>	<b>225,000</b>	<b>(3,573)</b>	<b>1,033,497</b>	<b>1,033,497</b>	<b>98,487</b>	<b>940,762</b>	<b>8,567,570</b>
<b>Balance as of 1 January 2016 (audited)</b>	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	-	-	-	-	-	(5,849)	333,457	327,608
Dividends distributed (Note 8)	-	-	-	-	-	-	(523,158)	(523,158)
<b>Balance as of 30 June 2016</b>	<b>5,239,900</b>	<b>225,000</b>	<b>(3,573)</b>	<b>963,614</b>	<b>963,614</b>	<b>86,780</b>	<b>1,311,666</b>	<b>8,787,001</b>



**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)*

	Notes	Six months ended 30 June	
		2017	2016
<b>Operating activities</b>			
(Loss) / profit for the period		(20,021)	333,457
Adjustments for:			
Depreciation		107,137	134,965
Murabaha income	14	(11,410)	(5,021)
Recovery of provision for impairment of receivables	6	-	(3,000)
Provision for obsolete and slow moving inventories and biological assets		11,650	4,301
Share of results from investment in associate	5	98,664	(9,541)
Change in fair value of financial assets at fair value through profit or loss	14	7,086	18,894
Employees' end of service benefits		40,464	43,481
<b>Operating profits before changes in working capital</b>		<b>233,570</b>	<b>517,536</b>
Accounts receivable and prepayments		(161,833)	1,047,116
Inventories		115,073	16,906
Biological assets		(83,144)	(104,061)
Accounts payables and accruals		(203,594)	(696,263)
Advances on contracts		(28,190)	(66,348)
Employees' end of service benefits paid		(59,942)	(9,851)
<b>Net cash (used in) / generated from operating activities</b>		<b>(188,060)</b>	<b>705,035</b>
<b>Investing activities</b>			
Purchase of property and equipment		(8,168)	(92,235)
Amounts due from related parties		164,280	(1,000)
Murabaha income received		11,410	5,021
<b>Net cash generated from / (used in) investing activities</b>		<b>167,522</b>	<b>(88,214)</b>
<b>Financing activities</b>			
Cash dividends paid		(469,073)	(501,335)
<b>Net cash used in financing activities</b>		<b>(469,073)</b>	<b>(501,335)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(489,611)</b>	<b>115,486</b>
Cash and cash equivalents at beginning of the period		2,582,226	1,641,920
Cash and cash equivalents at end of the period	7	2,092,615	1,757,406



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

### Notes to the interim condensed consolidated financial information (unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

#### 1 GENERAL INFORMATION

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

According to the decision No. 69 of 2017 dated 14 May 2017 of the Capital Markets Authority, the Authority transferred the listing of parent company's shares from the main market to the parallel market on the Kuwait Stock Exchange as of 16 May 2017.

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 Palms Agro Production Company K.S.C.P ("the parent company") and its subsidiary (together referred to as "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 a subsidiary of Bayan Holding Company (K.S.C.) ("ultimate parent company") with a percentage of 84.11%.

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 15 August 2017.

#### 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 consolidated financial statements for the year ended 31 December 2016. 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 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For further information, refer to the annual audited consolidated financial statements for the year ended 31 December 2016.



Notes to the interim condensed consolidated financial information (unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2016, 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 2017 and did not result in any material impact on the accounting policies, financial position or performance of the group.

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 2016.

3 SELLING AND MARKETING EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2017
Salaries and related costs	116,708	119,279	237,046	241,512
Depreciation	26,600	27,834	55,184	57,692
Others	(2,141)	678	4,282	8,478
	<b>141,167</b>	<b>147,791</b>	<b>296,512</b>	<b>307,682</b>

4 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Salaries and related costs	48,340	60,197	124,840	120,187
Depreciation	2,724	3,156	5,772	6,332
Rent	6,710	5,634	8,104	40,197
Maintenance and repair	6,878	12,168	16,563	20,460
Electricity and water	7,645	7,664	15,745	15,499
Insurance	7,641	4,543	8,691	10,635
Provision for obsolete and slow moving inventories and biological assets	5,825	1,801	11,650	4,301
Others	40,962	48,335	81,274	110,935
	<b>126,725</b>	<b>143,498</b>	<b>272,639</b>	<b>328,546</b>

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

**Notes to the interim condensed consolidated financial information (unaudited)**

*(All amounts in Kuwaiti Dinars unless otherwise stated)*

**5 INVESTMENT IN ASSOCIATES**

The parent company has the following investment in associates:

Name	County of incorporation	Equity Interest		
		30 June 2017	31 December 2016 (Audited)	30 June 2016
	United Arab Emirates			
Al Dhafra Irrigation Systems (L.L.C.)	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 June 2017	31 December 2016 (Audited)	30 June 2016
Opening balances	871,040	1,156,729	1,156,729
Share of results of associates	(98,664)	34,252	9,541
Declared dividends	-	(326,079)	-
Foreign currency translation adjustments	(280)	6,138	(5,849)
Ending balances	772,096	871,040	1,160,421

**6 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	30 June 2017	31 December 2016 (Audited)	30 June 2016
<b>Non-current</b>			
Retentions receivable	2,026,873	1,944,355	1,836,718
<b>Current</b>			
Trade receivables – gross	2,003,892	1,863,074	2,170,526
Provision for impairment of trade receivables	(45,625)	(45,625)	(48,582)
Trade receivables – net	1,958,267	1,817,449	2,121,944
Accrued income	527,372	606,681	428,993
Retentions receivable	113,981	113,981	120,462
Prepaid expenses	48,304	9,101	22,939
Advance payments	77,946	59,741	102,819
Other receivables	17,706	57,308	39,513
	2,743,576	2,664,261	2,836,670



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

**Notes to the interim condensed consolidated financial information (unaudited)**

*(All amounts in Kuwaiti Dinars unless otherwise stated)*

**6 ACCOUNTS RECEIVABLE AND PREPAYMENTS (Continued)**

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

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Opening balance	45,625	51,582	51,582
Provision write off	-	(457)	-
Recovery of provision for impairment of receivables	-	(5,500)	(3,000)
	<u>45,625</u>	<u>45,625</u>	<u>48,582</u>

**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 2017	31 December 2016 (Audited)	30 June 2016
Bank balances	709,503	705,462	637,306
Cash on hand	13,144	13,025	13,540
Deposits with original maturity of less than 3 months	1,362,494	1,856,210	1,098,981
Cash held at portfolio	7,474	7,529	7,579
	<u>2,092,615</u>	<u>2,582,226</u>	<u>1,757,406</u>

Fixed deposits represent deposits with local financial institutions maturing within three months from date of placement with an average rate of profit of 1.1996% (31 December 2016: 1.0357% and 30 June 2016: 0.0125%).

**8 ANNUAL GENERAL ASSEMBLY**

The Annual General Assembly of the parent company's shareholders held on 30 May 2017 approved the consolidated financial statements of the group for the year ended 31 December 2016 and the distribution of cash dividends of 10 fils per share for the year ended 31 December 2016 (31 December 2015: cash dividend of 10 fils per share).

**9 ACCOUNTS PAYABLE AND ACCRUALS**

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Trade payables	409,404	398,937	418,725
Retention payables	170,216	180,728	-
Other payables	51,377	116,120	239,055
Accrued expenses	410,066	528,872	266,579
Dividends payable	242,996	188,911	205,713
Board of directors remuneration	-	20,000	-
	<u>1,284,059</u>	<u>1,433,568</u>	<u>1,130,072</u>



Notes to the interim condensed consolidated financial information (unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

10 TREASURY SHARES

	30 June 2017	31 December 2016 (Audited)	30 June 2016
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)	8,320	7,904	8,154

11 BASIC AND DILUTED (LOSSES) / EARNINGS PER SHARE

Basic and diluted (losses) / earnings per share are calculated by dividing the (loss) / 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	
	2017	2016	2017	2016
(Loss) / profit for the period (KD)	(59,835)	189,603	(20,021)	333,457
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	(1.14 fils)	3.62 fils	(0.38 fils)	6.37 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
<b>30 June 2017</b>		
<b>Financial assets at fair value through profit or loss</b>		
Quoted securities	69,671	69,671
<b>31 December 2016</b>		
<b>Financial assets at fair value through profit or loss</b>		
Quoted securities	76,757	76,757
<b>30 June 2016</b>		
<b>Financial assets at fair value through profit or loss</b>		
Quoted securities	77,937	77,937

Notes to the interim condensed consolidated financial information (unaudited)

(All amounts in Kuwaiti Dinar unless otherwise stated)

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 June 2017	31 December 2016 (Audited)	30 June 2016
<b>Balances included in the interim condensed consolidated statement of financial position</b>			
Amounts due from associate	8,911	176,541	8,911
Amounts due from the Ultimate Parent Company	12,261	8,911	12,261
<b>Total</b>	<b>21,172</b>	<b>185,452</b>	<b>21,172</b>
Financial assets at fair value through profit or loss - Al-Salbookh Trading Company K.S.C.P.	69,671	76,757	77,937

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
<b>Key management compensation</b>				
Short-term benefits	12,000	12,000	24,000	24,000
End of service benefits	1,730	1,730	3,460	3,460
	<b>13,730</b>	<b>13,730</b>	<b>27,460</b>	<b>27,460</b>

14 INVESTMENT (LOSS) / INCOME

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Murabaha Income	5,658	2,537	11,410	5,021
Change in fair value of financial assets at fair value through profit or loss	(14,171)	(2,362)	(7,086)	(18,894)
	<b>(8,513)</b>	<b>175</b>	<b>4,324</b>	<b>(13,873)</b>

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

**Notes to the interim condensed consolidated financial information (unaudited)**

*(All amounts in Kuwaiti Dinar unless otherwise stated)*

**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 2017			Total
	Commercial segment	Projects segment	Investment segment	
Segment revenue	1,110,123	862,157	(94,340)	1,877,940
Segment expense	1,080,986	816,975	-	1,897,961
Segment profit / (loss)	29,137	45,182	(94,340)	(20,021)
Depreciation	53,416	53,721	-	107,137
Purchase of property and equipment	7,291	877	-	8,168

	30 June 2016			Total
	Commercial segment	Projects segment	Investment segment	
Segment revenue	1,392,657	2,192,330	(4,332)	3,580,655
Segment expense	1,335,717	1,894,058	-	3,229,775
Segment profit / (loss)	56,940	298,272	(4,332)	350,880
Depreciation	60,858	74,107	-	134,965
Purchase of property and equipment	61,959	30,276	-	92,235

	Six months ended 30 June	
	2017	2016
<b>Adjustments</b>		
Segment (loss) / profit	(20,021)	350,880
Unallocated costs	-	(17,423)
Segment (loss) / profit	(20,021)	333,457



Notes to the interim condensed consolidated financial information (unaudited)

(All amounts in Kuwaiti Dinar unless otherwise stated)

15 SEGMENT INFORMATION (Continued)

Segmental distribution of assets and liabilities

	Commercial segment	Projects segment	Investment segment	Total
<b>Total segment assets</b>				
<b>30 June 2017</b>	<b>3,815,403</b>	<b>4,517,248</b>	<b>2,232,907</b>	<b>10,565,558</b>
31 December 2016	4,447,812	3,861,394	2,996,988	11,306,194
30 June 2016	4,083,893	4,267,800	2,366,090	10,717,783
	Commercial segment	Projects segment	Investment segment	Total
<b>Total segment liabilities</b>				
<b>30 June 2017</b>	<b>1,204,906</b>	<b>793,082</b>	-	<b>1,997,988</b>
31 December 2016	904,615	1,290,550	-	2,195,165
30 June 2016	632,932	1,297,850	-	1,930,782

16 CONTINGENCES

The parent company had letters of guarantee amounting to KD 3,629,294 (31 December 2016: 3,805,841 and 30 June 2016: 3,875,926).

