PALMS AGRO PRODUCTION COMPANY K.S.C.P. AND SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2020

Ernst & Young
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF PALMS AGRO PRODUCTION COMPANY K.S.C.P.

Report on Review of Interim Condensed Consolidated Financial Information

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Palms Argo Production Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively, the "Group") as at 30 September 2020 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and nine month periods ended,, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard 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 interim condensed consolidated financial information include an investment in Al Dhafra Irrigation Systems L.L.C., a foreign associate accounted for using the equity method and carried at KD 98,335 on the interim condensed consolidated financial position as at 30 September 2020 (31 December 2019: KD 220,995 and 30 September 2019: KD 216,737) and the Group's related share of loss from the associate included in the interim condensed consolidated financial information amounted to KD 126,473 for the nine months period then ended (30 September 2019: KD 118,387).

The management of the foreign associate had not assessed the associate's financial assets carried at amortised cost for impairment in accordance with IFRS 9 – *Financial instruments* as of that date. Consequently, we were unable to determine whether any adjustments to these amounts were necessary to the Group's interim condensed consolidated financial information and related disclosures as at and for the nine-month period then ended 30 September 2020.

This matter gave rise to the modification of the predecessor auditor opinion and conclusion in the prior year and period, respectively.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF PALMS AGRO PRODUCTION COMPANY K.S.C.P. (continued)

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 for the matter described in the preceding paragraph, 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 – *Interim Financial Reporting*.

Other Matter
The consolidated financial statements of the Group for the year ended 31 December 2019 and the interim condensed consolidated interim financial information for the nine-month period ended 30 September 2019, were audited and reviewed, respectively by another auditor who expressed a modified opinion and conclusion on those statements on 31 March 2020 and 18 November 2019, respectively.

Report on Other Legal and Regulatory Matters
Furthermore, based on our review, except for the matter described in in the "Basis for Qualified Conclusion" section of our report, the interim condensed consolidated financial information is in agreement with the books of account 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, as amended, and its executive regulations, as amended, nor of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the nine-month period ended 30 September 2020 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, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 November 2020
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2020

		Three months ended 30 September		*Nine months ended 30 September*	
	Notes	***2020***	*2019*	***2020***	*2019*
		KD	*KD*	***KD***	*KD*
Revenue from contracts with customers	3	**855,766**	728,919	**2,290,625**	2,074,183
Cost of sales and services rendered		**(502,582)**	(498,084)	**(1,350,209)**	(1,313,698)
GROSS PROFIT		**353,184**	230,835	**940,416**	760,485
Gain on sale of property and equipment		**5,096**	-	**8,344**	6,944
Net investment income (loss)	4	**7,937**	6,747	**(7,787)**	25,918
Selling and marketing expenses	5	**(179,774)**	(134,595)	**(496,592)**	(403,543)
Administrative expenses	6	**(191,373)**	(156,992)	**(512,975)**	(542,033)
Changes in fair value of biological assets		**30,743**	23,373	**38,848**	46,353
Share of results of an associate	7	**(17,524)**	(9,400)	**(126,473)**	(118,387)
ECL on trade receivables and contract assets	3	**(12,899)**	-	**(264,897)**	(8,645)
ECL on retention receivables	9	**-**	-	**(37,135)**	-
Other expenses		**-**	(8,422)	**-**	(21,295)
LOSS FOR THE PERIOD		**(4,610)**	(48,454)	**(458,251)**	(254,203)
BASIC AND DILUTED LOSS PER SHARE	8	**(0.09) fils**	(0.93) fils	**(8.76) fils**	(4.86) fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2020

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
LOSS FOR THE PERIOD	**(4,610)**	(48,454)	**(458,251)**	(254,203)
Other comprehensive loss (income)				
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(493)**	(940)	**3,813**	(3,218)
Other comprehensive (loss) income for the period	**(493)**	(940)	**3813**	(3218)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(5,103)**	(49,394)	**(454,438)**	(257,421)

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2020

	Notes	**30 September 2020 KD**	*(Audited) 31 December 2019 KD*	*(Restated)* 30 September 2019 KD*
ASSETS				
Non-current assets				
Property and equipment		**893,515**	741,568	737,451
Right-of-use assets		**168,596**	200,962	184,924
Investment in associates	7	**98,335**	220,995	216,737
Prepayments and other receivables	9	**82,435**	15,070	363,048
		1,242,881	1,178,595	1,502,160
Current assets				
Inventories		**1,547,247**	1,357,850	1,383,010
Biological assets	16	**555,501**	532,048	568,381
Trade receivables and contact assets	3	**901,612**	867,406	674,092
Prepayments and other receivables	9	**605,368**	616,746	135,787
Amounts due from related parties	10	**6,161**	6,161	6,161
Financial assets at fair value through profit or loss		**41,685**	59,162	47,235
Cash and cash equivalents	11	**2,665,465**	3,221,442	3,268,004
		6,323,039	6,660,815	6,082,670
TOTAL ASSETS		7,565,920	7,839,410	7,584,830
EQUITY AND LIABILITIES				
Equity				
Share capital		**5,239,900**	5,239,900	5,239,900
Share premium		**225,000**	225,000	225,000
Treasure shares	12	**(3,573)**	(3,573)	(3,573)
Statutory reserve		**1,033,497**	1,033,497	1,033,497
Voluntary reserve		**429,242**	429,242	429,242
Foreign currency translation reserve		**93,361**	89,548	88,851
Accumulated losses		**(1,266,144)**	(807,893)	(987,884)
Total equity		5,751,283	6,205,721	6,025,033
Non-current liabilities				
Employees' end of service benefits		**569,341**	544,272	551,270
Lease liabilities		**162,874**	155,564	135,599
		732,215	699,836	686,869
Current liabilities				
Advances on contracts		**74,924**	41,867	67,000
Trade and other payables	13	**975,559**	825,361	770,610
Contract liabilities	3	**-**	26,677	-
Lease liabilities		**31,939**	39,948	35,318
		1,082,422	933,853	872,928
Total liabilities		1,814,637	1,633,689	1,559,797
TOTAL EQUITY AND LIABILITIES		7,565,920	7,839,410	7,584,830

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2019 and reflect adjustments made as detailed in Note 17.*

Mohammad Othman Al Aiban
Chairman

Faisal Fares Al-Fares
Vice Chairman and CEO

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2020

	Share capital KD	*Share premium KD*	*Treasury shares KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Foreign currency translation reserve KD*	*Accumulated losses KD*	*Total KD*
As at 1 January 2020 (*Audited*)	5,239,900	225,000	(3,573)	1,033,497	429,242	89,548	(807,893)	6,205,721
Loss for the period	-	-	-	-	-	-	(458,251)	(458,251)
Other comprehensive income for the period	-	-	-	-	-	3,813	-	3,813
Total comprehensive income (loss) for the period	-	-	-	-	-	3,813	(458,251)	(454,438)
At 30 September 2020	**5,239,900**	**225,000**	**(3,573)**	**1,033,497**	**429,242**	**93,361**	**(1,266,144)**	**5,751,283**
As at 1 January 2019 *(as previously reported)*	5,239,900	225,000	(3,573)	1,033,497	952,400	92,069	(35,141)	7,504,152
Impact of adopting of IFRS 9	-	-	-	-	-	-	(698,540)	(698,540)
Restated balance at 1 January 2019*	5,239,900	225,000	(3,573)	1,033,497	952,400	92,069	(733,681)	6,805,612
Loss for the period	-	-	-	-	-	(3,218)	(254,203)	(257,421)
Total comprehensive loss for the period	-	-	-	-	-	(3,218)	(254.203)	(257,421)
Dividends	-	-	-	-	(523,158)	-	-	(523,158)
At 30 September 2019	5,239,900	225,000	(3,573)	1,033,497	429,242	88,851	(987,884)	6,025,033

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2019 and reflect adjustments made as detailed in Note 17.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2020

	Notes	*Nine months ended 30 September*	
		2020	*2019*
		KD	*KD*
OPERATING ACTIVITIES			
Loss for the period		**(458,251)**	(254,203)
Adjustments to reconcile loss for the period to net cash flows:			
Depreciation on property and equipment		**140,941**	117,941
Depreciation on right-of-use assets		**32,366**	27,407
Murabaha income	4	**(9,690)**	(25,800)
Gain on disposal of property and equipment		**(8,344)**	(6,944)
ECL on trade receivables and contract assets	3	**264,897**	8,645
ECL on retention receivables	9	**37,135**	-
Provision for obsolete and slow-moving inventories		**36,975**	28,239
Changes in fair value of biological assets		**(38,848)**	(46,353)
Share of results of an associate	7	**126,473**	118,387
Changes in fair value of financial assets at fair value through profit or loss	4	**17,477**	(118)
Interest on lease liabilities	6	**6,322**	6,580
Provision for employees' end of service benefits		**52,872**	51,335
		200,325	25,116
Working capital adjustments:			
Inventories		**(226,372)**	(36,830)
Biological assets		**15,395**	(11,461)
Trade receivables and contract assets		**(299,103)**	497,430
Prepayments and other receivables		**(93,122)**	1,713,216
Amounts due from related parties		**-**	6,100
Trade and other payables		**150,827**	(283,794)
Contract liabilities		**(26,677)**	(36,474)
Advances on contracts		**33,057**	46,545
Cash flow (used in) from operations		**(245,670)**	1,919,848
Employees' end of service benefits paid		**(27,803)**	(34,174)
Net cash flows (used in) from operating activities		**(273,473)**	1,885,674
INVESTING ACTIVITIES			
Purchase of property and equipment		**(292,895)**	(31,041)
Proceeds from disposal of property and equipment		**8,351**	23,750
Proceeds from liquidation of an associates		**-**	33,000
Murabaha income received	4	**9,690**	25,800
Net cash flows (used in) from investing activities		**(274,854)**	51,509
FINANCING ACTIVITIES			
Dividends paid		**(629)**	(518,416)
Payment of lease liabilities		**(7,021)**	(38,820)
Net cash flows used in financing activities		**(7,650)**	(557,236)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(555,977)**	1,379,947
Cash and cash equivalent as at the beginning of the period		**3,221,442**	1,888,057
CASH AND CASH EQUIVALENT AS AT THE END OF THE PERIOD	11	**2,665,465**	3,268,004
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Dividends		-	(4,742)
Accounts payable and accruals		-	4,742
Transitional adjustment to lease liabilities on adoption of IFRS 16		**-**	212,331
Transitional adjustment to property and equipment on adoption of IFRS 16		**-**	(212,331)

The attached notes 1 to 18 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Palms Agro Production Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively, the "Group") for the nine months ended 30 September 2020 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 12 November 2020.

The consolidated financial statements of the Group for the year ended 31 December 2019 were approved in the annual general assembly meeting (AGM) of the shareholders held on 7 July 2020. No dividends have been declared by the Parent Company.

The Parent Company is a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait. The Parent Company's head office is located at Al Rai, 4th ring road, plot #56 and its registered postal address is P.O. Box 1976, Safat 13020, State of Kuwait.

The Group principally operates in Kuwait and engages in 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 specialised companies and entities, import and circulation of veterinary medicines and concluding agency agreements, inaugurating and operation of veterinary clinics and centres 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 Parent Company is a subsidiary of Bayan Holding Company K.S.C. (the "Ultimate Parent Company").

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S 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 has been presented in Kuwaiti Dinar ("KD"), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity and loss for the period then ended.

2.2 Summary of accounting policies for new transactions and events

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: *Definition of a Business*
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: *Definition of Material*
The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim consolidated financial information of the Group.

Amendments to IFRS 16 *COVID-19 Related Rent Concessions*
On 28 May 2020, the IASB issued *COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*
The amendments to IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers based on type of sales and services

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Type of goods or service				
Sale of goods	**678,050**	517,359	**1,646,909**	1,409,333
Rendering of services				
- Plantation projects	**177,716**	211,560	**643,716**	664,850
Total revenue from contracts with customers	**855,766**	728,919	**2,290,625**	2,074,183
Geographical markets				
Kuwait	**855,766**	728,919	**2,290,625**	2,074,183
Timing of revenue recognition				
Goods and services transferred at a point in time	**678,050**	517,359	**1,646,909**	1,409,333
Goods and services transferred over time	**177,716**	211,560	**643,716**	664,850
	855,766	728,919	**2,290,625**	2,074,183

3.2 Trade receivables and contract balances

		(Audited)	*(Restated)*
	30 September 2020	*31 December 2019*	*30 September 2019*
	KD	*KD*	*KD*
Trade receivables	**1,178,535**	1,155,011	1,043,525
Allowance for expected credit losses`	**(705,484)**	(457,142)	(548,694)
	473,051	697,869	494,831
Contract assets	**458,100**	182,521	197,276
Allowance for expected credit losses	**(29,539)**	(12,984)	(18,015)
	901,612	867,406	674,092
Contract liabilities	-	26,677	-

Contract assets relate to revenue earned from ongoing plantation project services. As such, the balances of this account vary and depend on the number of ongoing plantation project services at the reporting date.

Contract liabilities include short-term advances received to render plantation project services.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	Nine months ended 30 September	
	2020	*2019*
	KD	*KD*
As at 1 January	**470,126**	558,064
Provision for expected credit losses	**264,897**	8,645
As at 30 September	**735,023**	566,709

4 NET INVESTMENT INCOME (LOSS)

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Murabaha income	**3,095**	8,991	**9,690**	25,800
Changes in fair value of financial assets at fair value through profit or loss	**4,842**	(2,244)	**(17,477)**	118
	7,937	6,747	**(7,787)**	25,918

5 SELLING AND MARKETING EXPENSES

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Salaries and other staff costs	**27,737**	111,177	**287,011**	337,640
Depreciation on property and equipment	**32,567**	19,947	**89,543**	60,170
Other miscellaneous expenses	**119,470**	3,471	**120,038**	5,733
	179,774	134,595	**496,592**	403,543

6 ADMINISTRATIVE EXPENSES

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
	KD	*KD*	***KD***	*KD*
Salaries and other staff costs	**5,739**	50,199	**109,728**	158,196
Depreciation on property and equipment	**16,299**	16,548	**49,130**	49,619
Depreciation on right-of-use assets	**10,249**	9,126	**30,281**	27,407
Maintenance and repair	**23,747**	13,533	**45,513**	38,574
Insurance expenses	**2,281**	-	**8,857**	11,344
Interest on lease liabilities	**2,126**	2,010	**6,322**	6,580
Other administrative expenses	**130,932**	65,576	**263,144**	250,313
	191,373	156,992	**512,975**	542,033

7 INVESTMENT IN ASSOCIATES

Set out below are the associates of the Group as at the reporting date:

Name of entity	*Country of domicile*	*% equity interest*			*Principal activities*	*Carrying amounts*		
		30 September 2020 KD	*31 December 2019 KD*	*30 September 2019 KD*		***30 September 2020 KD***	*31 December 2019 KD*	*30 September 2019 KD*
Al Dhafra Irrigation Systems L.L.C.	UAE	**33%**	33%	33%	Agriculture	**98,335**	220,995	216,737
Durra Al-Nakeel Real Estate Company W.L.L.	Kuwait	-	-	-	Real estate	-	-	-
						98,335	220,995	216,737

Reconciliation to carrying amounts:

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
At the beginning of the period/ year	**220,995**	371,342	371,342
Capital redemption *	**-**	(33,000)	(33,000)
Share of loss	**(126,473)**	(114,826)	(118,387)
Foreign exchange adjustments	**3,813**	(2,521)	(3,218)
	98,335	220,995	216,737

* During the year ended 31 December 2019, Durra Al- Nakeel Real Estate Company W.L.L ("associate") has been liquidated and the Parent Company received the final liquidation proceeds amounting to KD 33,000. No gain or loss is recognised in profit or loss on liquidation.

8 (LOSS) PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit (loss) for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit (loss) attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	Three months ended 30 September		*Nine months ended 30 September*	
	2020	*2019*	***2020***	*2019*
Loss for the period (KD)	**(4,610)**	(48,454)	**(458,251)**	(254,203)
Weighted average number of ordinary shares outstanding during the period (shares)*	**52,315,800**	52,315,800	**52,315,800**	52,315,800
Basic and diluted loss per share (fils)	**(0.09)**	(0.93)	**(8.76)**	(4.86)

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

9 ACCOUNT RECEIVABLES PREPAYMENTS

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*(Restated) 30 September 2019 KD*
Non-current			
Retention receivables	**166,171**	16,080	470,701
Allowance for expected credit losses	**(83,736)**	(1,010)	(107,653)
	82,435	15,070	363,048
Current			
Retention receivables	**372,595**	519,762	50,058
Allowance for expected credit losses	**(30,796)**	(76,387)	(69,537)
	341,799	443,375	(19,479)
Prepaid expenses	**17,066**	28,739	41,592
Advances to suppliers	**173,528**	90,105	25,866
Other receivables	**72,975**	54,527	87,808
	605,368	616,746	135,787
	687,803	631,816	498,835

Set out below is the movement in the allowance for expected credit losses of retention receivables:

	Nine months ended 30 September	
	2020 KD	*2019 KD*
As at 1 January	**77,397**	177,190
Provision for expected credit losses	**37,135**	-
As at 30 September	**114,532**	177,190

10 RELATED PARTY DISCLOSURES

The Group's related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

The following tables provides the total amount of outstanding balances with related parties as at 30 September 2020, 31 December 2019 and 30 September 2019:

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	Associate KD	*Other related parties KD*	***30 September 2020 KD***	*(Audited) 31 December 2019 KD*	*(Restated) 30 September 2019 KD*
Amounts due from related parties	**6,161**	-	**6,161**	6,161	6,161
Financial assets at FVPL	-	-	**41,685**	59,162	47,235

10 RELATED PARTY DISCLOSURES (continued)

As at the reporting date, the Group has receivables from the Ultimate Parent Company of KD 8,911 (31 December 2019: KD 8,911 and 30 September 2019: KD 8,911) which is net of an allowance for expected credit losses of KD 8,911 (31 December 2019: KD 8,911 and 30 September 2019: KD 8,911).

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

	Transaction values for the three months ended		*Transaction values for the nine months ended*	
	30 September 2020 KD	*30 September 2019 KD*	***30 September 2020 KD***	*30 September 2019 KD*
Salaries and other short-term benefits	**13,726**	12,000	**41,178**	36,000
Employees end of service benefits	**1,726**	1,730	**5,178**	5,190
	15,452	13,730	**46,356**	41,190

	Outstanding balance as at		
	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Salaries and other short-term benefits	**42,908**	39,403	40,581
Employees end of service benefits	**85,962**	80,839	79,094
	128,870	120,242	119,675

The Board of Directors at the meeting held on 31 March 2020 proposed no directors' remuneration for the year ended 31 December 2019. This proposal was approved by the shareholders at the AGM held on 7 July 2020.

11 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Cash at banks	**1,422,100**	1,989,833	2,044,717
Cash on hand	**12,850**	12,369	12,068
Short-term deposits	**1,219,849**	1,208,524	1,200,484
Cash held in managed portfolios	**10,666**	10,716	10,735
	2,665,465	3,221,442	3,268,004

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

12 TREASURY SHARES

	30 September 2020	*(Audited) 31 December 2019*	*30 September 2019*
Number of treasury shares	**83,200**	83,200	83,200
Percentage of issued share capital	**0.16%**	0.16%	0.16%
Cost – KD	**3,573**	3,573	3,573
Market value – KD	**6,540**	3,345	4,909

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

13 TRADE AND OTHER PAYABLES

	30 September 2020 KD	*(Audited) 31 December 2019 KD*	*30 September 2019 KD*
Trade payables	**116,088**	88,563	82,718
Retention payables	**4,431**	5,188	5,179
Accrued expenses	**404,068**	349,584	348,149
Dividends payable	**226,600**	227,229	229,972
Other payables	**224,372**	154,797	104,592
	975,559	825,361	770,610

14 COMMITMENTS AND CONTINGENCIES

14.1 Commitments

The Group had no capital commitments as at the reporting date.

14.2 Contingent liabilities

At the reporting date, the Group has provided guarantees to an unrelated party towards the performance of certain contracts amounting to 2,669,192 (31 December 2019: KD 4,060,004 and 30 September 2019: KD 1,535,967). No material liability is expected to arise.

15 SEGMENT INFORMATION

For management purposes, the Group is organised into three major business segments. The principal activities and services under these segments are as follows:

- **Commercial:** production and sale of nurseries and ornamental plans
- **Projects:** gardening and maintenance services
- **Investments:** investment in an associate, term deposits and equity securities

15 SEGMENT INFORMATION (continued)

	30 September 2020			
	Commercial KD	***Projects KD***	***Investment KD***	***Total KD***
Assets	**5,064,090**	**1,141,961**	**1,359,869**	**7,565,920**
Liabilities	**1,254,542**	**560,095**	**-**	**1,814,637**
Income	**1,981,700**	**356,117**	**(134,260)**	**2,203,557**
Expenses	**2,073,911**	**587,897**	**-**	**2,661,808**
Segment loss	**(92,211)**	**(231,780)**	**(134,260)**	**(458,251)**
Other disclosures:				
Depreciation of property and equipment	**138,673**	**2,268**	**-**	**140,941**
Depreciation of right-of-use assets	**30,366**	**2,000**	**-**	**32,366**
Capital expenditure	**292,895**	**-**	**-**	**292,895**

	30 September 2019 (restated)			
	Commercial KD	*Projects KD*	*Investment KD*	*Total KD*
Assets	4,580,553	1,514,014	1,490,263	7,584,830
Liabilities	876,770	683,027	-	1,559,797
Income	1,762,694	364,786	(92,469)	2,035,011
Expenses	1,565,558	723,656	-	2,289,214
Segment profit/(loss)	197,136	(358,870)	(92,469)	(254,203)
Other disclosures:				
Depreciation of property and equipment	84,566	33,375	-	117,941
Depreciation of right-of-use assets	27,407	-	-	27,407
Capital expenditure	31,041	-	-	31,041

	31 December 2019			
	Commercial KD	*Projects KD*	*Investment KD*	*Total KD*
Assets	4,650,029	1,683,823	1,505,558	7,839,410
Liabilities	1,008,438	625,251	-	1,633,689

16 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy
All financial and non-financial assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Biological assets
The fair value of biological assets is determined by reference to expected yields and quality, expected costs to reach maturity, and the market prices for each variety of asset in the local area and the market price paid to independent grape growers. Any gains or losses on remeasuring fair value are included within in profit or loss. The Group classifies the fair value of biological assets as Level 3 of the hierarchy.

Listed investment in equity securities
Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Other financial assets and liabilities
Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

16 FAIR VALUE MEASUREMENT (continued)

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair value measurement using		
30 September 2020	***Quoted prices in active markets (Level 1)***	***Significant unobservable inputs (Level 3)***	***Total***
	KD	***KD***	***KD***
Financial instruments:			
Financial assets at FVTPL	**41,685**	**-**	**41,685**
Non-financial assets:			
Biological assets	**-**	**555,501**	**555,501**

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2020.

	Fair value measurement using		
As at 31 December 2019	*Quoted prices in active markets (Level 1)*	*Significant unobservable inputs (Level 3)*	*Total*
	KD	*KD*	*KD*
Financial instruments:			
Financial assets at FVTPL	59,162	-	59,162
Non-financial assets:			
Biological assets	-	532,048	532,048

	Fair value measurement using		
As at 30 September 2019	*Quoted prices in active markets (Level 1)*	*Significant unobservable inputs (Level 3)*	*Total*
	KD	*KD*	*KD*
Financial instruments:			
Financial assets at FVPL	47,235	-	47,235
Non-financial assets			
Biological assets	-	568,381	568,381

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	Biological assets		
	30 September 2020	*31 December 2019*	*30 September 2019*
	KD	*KD*	*KD*
Opening balance	**532,048**	510,567	510,567
Change in fair value due to biological transformation	**38,848**	45,154	46,353
Change in fair value due to price changes	**-**	17,674	-
Purchases	**35,725**	82,571	73,861
Disposals	**(51,120)**	(123,918)	(62,400)
Closing balance	**555,501**	532,048	568,381

16 FAIR VALUE MEASUREMENT (continued)

The Group has performed a sensitivity analysis to the range of significant unobservable inputs used in the fair value measurements during the period. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

17 RETROSPECTIVE RESTATEMENT

As at 31 December 2019, the Group's financial assets have been assessed for impairment in accordance with the requirements of IFRS 9 *"Financial Instruments"* which has not been applied previously on the initial application of IFRS 9 at 1 January 2018. This error resulted in an understatement of loss allowance recognised for the year ended 31 December 2018 and 1 January 2018 and a corresponding overstatement of trade and other receivables. As a result, the comparative information for the prior period ended 30 September 2019 has been restated to reflect the effect of adopting IFRS 9 since the initial application date.

Interim condensed consolidated statement of financial position

	Impact of correction of error		
As at 30 September 2019	*As previously reported KD*	*Adjustments KD*	*As restated KD*
ASSETS			
Non-current asset			
Prepayments and other receivables	362,002	1,046	363,048
Current assets			
Amounts due from related parties	15,072	(8,911)	6,161
Trade receivables and contract assets	1,186,531	(512,439)	674,092
Prepayments and other receivable	314,023	(178,236)	135,787
	1,515,626	(699,586)	816,040
	1,877,628	(698,540)	1,179,088
EQUITY AND LIABILITIES			
Equity			
Accumulated losses	(289,344)	(698,540)	(987,884)

There is no impact of the restatement on the interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows for the period ended 30 September 2019.

18 IMPACT OF COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity and the Group's business in various significant ways.

In addition to the already known effects of the COVID-19 outbreak and resulting government measures, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the longer-term impact on the Group's business may be. The COVID-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on the Group's liquidity.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Group may experience further negative results, liquidity restraints and incur additional impairments on its assets in 2020. Given the ongoing economic uncertainty, the exact impact on the Group's activities in the remainder of 2020 and thereafter cannot be predicted at this stage.

18 IMPACT OF COVID-19 (continued)

This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 30 September 2020.

18.1 Risk management

The management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the period ended 30 September 2020, there were no significant changes to the risk management objectives and policies as compared to the audited consolidated financial statements as at 31 December 2019.

18.1.1 Credit risk

The Group is mainly exposed to credit risk on its trade receivables and contract assets. As at 30 September 2020, the Group has considered the impact of COVID-19 on the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. There were no changes to the payment period given to customers during the period, however, the Group will continue to individually assess the situation as more reliable data becomes available and accordingly may change the payment period for certain customers in the subsequent reporting periods. Refer to Note 18.2 for the estimates and assumptions used by the Group to determine ECL on its trade receivables and contract assets.

18.1.2 Liquidity risk

As at 30 September 2020, the Group has considered the impact of COVID-19 on the factors that may influence the liquidity risk. The Group has amended its contingency plans for managing liquidity risk to reflect the impact from the COVID-19 outbreak. The Group maintains rolling forecasts of the overall liquidity position on the basis of expected cash flows. The Group also have sufficient liquidity and has lines of credit that it can access to meet liquidity needs.

18.2 Use of estimates and assumptions

The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial information is prepared. The COVID-19 outbreak has created uncertainty for revenue forecasts, sourcing and workforce availability, credit ratings, etc. but also volatility in stock prices, interest and currency exchange rates. Estimates based on such metrics may be subject to change due to market changes in the near term or circumstances arising that are beyond the control of the Group.

Information about key assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets is described below:

Property and equipment, right-of-use assets, investment in an associate and inventories (non-financial assets)

As at the reporting date, the Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Group's non-financial assets and the unobservable inputs are developed using the best available information about the assumptions that market participants would make in pricing these assets at the reporting date. The markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Group acknowledges that certain geographies and sectors in which these assets are located are negatively impacted, and as the situation continues to unfold, the Group will continuously monitor the market outlook and use relevant assumptions in reflecting the values of these non-financial assets as and when they occur.

Trade receivables, contract assets and retention receivables (financial assets)

The Group uses the simplified model in calculation the ECL for trade receivables by establishing a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, the segmentation applied in previous periods may no longer be appropriate and may need to be revised to reflect the different ways in which the COVID-19 outbreak affects different types of customers (e.g. by extending payment terms for trade receivables).

The Group will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

18 IMPACT OF COVID-19 (continued)

18.3 Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.