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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2021

Building a better working world

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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 31 March 2021 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-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
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.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Review of Other Legal and Regulatory Requirements
Furthermore, based on our review, 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 three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

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 Other Legal and Regulatory Requirements (continued)

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 three-month period ended 31 March 2021 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

17 May 2021
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 31 March 2021

		Three months ended 31 March	
			*(Restated)**
	Notes	***2021***	*2020*
		KD	*KD*
Revenue from contracts with customers	3	**946,222**	708,630
Cost of sales and services rendered		**(698,604)**	(499,503)
GROSS PROFIT		**247,618**	209,127
Selling and distribution expenses	4	**(213,104)**	(144,279)
Administrative expenses	5	**(216,741)**	(154,686)
Operating loss		**(182,227)**	(89,838)
Other expenses	6	**(123,556)**	(145,875)
Share of results of an associate	7	**(5,511)**	(59,770)
LOSS FOR THE PERIOD		**(311,294)**	(295,483)
BASIC AND DILUTED LOSS PER SHARE	8	**(5.95) Fils**	(5.65) Fils

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 31 March 2020 and reflect adjustments made as detailed in Note 17.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2021

	Three months ended 31 March	
		*(Restated)**
	2021	*2020*
	KD	*KD*
LOSS FOR THE PERIOD	**(311,294)**	(295,483)
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	**(342)**	4,773
Other comprehensive (loss) income for the period	**(342)**	4,773
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(311,636)**	(290,710)

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 31 March 2020 and reflect adjustments made as detailed in Note 17.*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

	Notes	31 March 2021 KD	(Audited) 31 December 2020 KD	(Restated)* 31 March 2020 KD
ASSETS				
Non-current assets				
Property and equipment		**1,305,793**	1,327,491	1,334,356
Right-of-use assets		**147,821**	157,491	189,825
Investment in an associate	7	**114,082**	119,935	165,998
Prepayments and other receivables	9	**-**	-	15,070
		1,567,696	1,604,917	1,705,249
Current assets				
Inventories		**1,316,542**	1,524,572	1,519,025
Biological assets	17	**465,979**	554,459	500,529
Trade receivables and contact assets	3	**1,311,446**	1,172,042	756,022
Prepayments and other receivables	9	**557,193**	621,903	723,055
Amounts due from related parties	10	**5,271**	5,271	6,161
Financial assets at fair value through profit or loss		**42,275**	44,519	35,780
Cash and cash equivalents	11	**2,384,592**	2,393,920	2,752,402
		6,083,298	6,316,686	6,292,974
TOTAL ASSETS		**7,650,994**	7,921,603	7,998,223
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		**98,002**	98,344	94,321
Accumulated losses		**(963,435)**	(652,141)	(678,376)
Total equity		**6,058,633**	6,370,269	6,340,011
Non-current liabilities				
Employees' end of service benefits		**526,195**	487,523	547,512
Lease liabilities		**103,515**	109,618	163,886
		629,710	597,141	711,398
Current liabilities				
Trade and other payables	13	**835,828**	795,108	886,693
Contract liabilities	3	**74,924**	74,924	28,777
Lease liabilities		**51,899**	84,161	31,344
		962,651	954,193	946,814
Total liabilities		**1,592,361**	1,551,334	1,658,212
TOTAL EQUITY AND LIABILITIES		**7,650,994**	7,921,603	7,998,223

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2020 and reflect adjustments made as detailed in Note 17.*

Faisal Fares Al-Fares
Chairman

Abdulmoghni Abdala Al-Abdulmoghni
Vice Chairman

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 31 March 2021

	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 2021 (*audited*)	**5,239,900**	**225,000**	**(3,573)**	**1,033,497**	**429,242**	**98,344**	**(652,141)**	**6,370,269**
Loss for the period	-	-	-	-	-	-	(311,294)	(311,294)
Other comprehensive loss for the period	-	-	-	-	-	(342)	-	(342)
Total comprehensive loss for the period	-	-	-	-	-	(342)	(311,294)	(311,636)
As at 31 March 2021	**5,239,900**	**225,000**	**(3,573)**	**1,033,497**	**429,242**	**98,002**	**(963,435)**	**6,058,633**
As at 1 January 2020 *(as previously reported)*	5,239,900	225,000	(3,573)	1,033,497	429,242	89,548	(807,893)	6,205,721
Impact of correction of error (Note 17)	-	-	-	-	-	-	425,000	425,000
Restated balance at 1 January 2020*	5,239,900	225,000	(3,573)	1,033,497	429,242	89,548	(382,893)	6,630,721
Loss for the period (restated)*	-	-	-	-	-	-	(295,483)	(295,483)
Other comprehensive income for the period	-	-	-	-	-	4,773	-	4,773
Total comprehensive income (loss) for the period	-	-	-	-	-	4,773	(295,483)	(290,710)
As at 31 March 2020	5,239,900	225,000	(3,573)	1,033,497	429,242	94,321	(678,376)	6,340,011

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2020 and reflect adjustments made as detailed in Note 17.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2021

	Notes	*Three months ended 31 March*	
		2021	*(Restated)** *2020*
		KD	*KD*
OPERATING ACTIVITIES			
Loss for the period		**(311,294)**	(295,483)
Adjustments to reconcile loss for the period to net cash flows:			
Depreciation of property and equipment		**34,224**	28,060
Depreciation of right-of-use assets		**9,670**	11,137
Murabaha income		**(2,754)**	(5,225)
Gain on disposal of property and equipment		**-**	(3,248)
ECL on trade receivables and contract assets	3	**28,793**	90,151
ECL on retention receivables	9	**5,687**	35,353
Provision for obsolete and slow-moving inventories		**9,470**	10,320
Write off of biological assets	6	**98,303**	-
Changes in fair value of biological assets	6	**(18,187)**	(4,858)
Share of results of an associate	7	**5,511**	59,770
Changes in fair value of financial assets at fair value through profit or loss		**2,244**	23,382
Interest on lease liabilities		**2,796**	2,079
Provision for employees' end of service benefits		**58,185**	17,085
		(77,352)	(31,477)
Working capital adjustments:			
Inventories		**198,560**	(171,495)
Biological assets		**8,364**	36,377
Trade receivables and contract assets		**(168,197)**	21,233
Prepayments and other receivables		**59,023**	(141,662)
Trade and other payables		**41,404**	61,708
Contract liabilities		**-**	(39,767)
Cash flow from (used in) operations		**61,802**	(265,083)
Employees' end of service benefits paid		**(19,513)**	(13,845)
Net cash flows from (used in) operating activities		**42,289**	(278,928)
INVESTING ACTIVITIES			
Purchase of property and equipment		**(12,526)**	(195,850)
Proceeds from disposal of property and equipment		**-**	3,250
Murabaha income received		**2,754**	5,225
Net cash flows used in investing activities		**(9,772)**	(187,375)
FINANCING ACTIVITIES			
Dividends paid		**(684)**	(376)
Payment of lease liabilities		**(41,161)**	(2,361)
Net cash flows used in financing activities		**(41,845)**	(2,737)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,328)**	(469,040)
Cash and cash equivalent as at the beginning of the period		**2,393,920**	3,221,442
CASH AND CASH EQUIVALENT AS AT THE END OF THE PERIOD	11	**2,384,592**	2,752,402

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at and for the period ended 31 March 2020 and reflect adjustments made as detailed in Note 17.*

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 three months ended 31 March 2021 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 17 May 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved in the annual general assembly meeting (AGM) of the shareholders held on 10 May 2021. 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 Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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 2020.

2.2 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 2020, except for the adoption of new standards effective as of 1 January 2021. 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 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (continued)

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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 31 March	
	2021	*2020*
	KD	*KD*
Type of goods or service		
Sale of goods	**687,393**	458,932
Rendering of services		
- Plantation projects	**258,829**	249,698
Total revenue from contracts with customers	**946,222**	708,630
Geographical markets		
Kuwait	**946,222**	708,630
Timing of revenue recognition		
Goods and services transferred at a point in time	**687,393**	458,932
Goods and services transferred over time	**258,829**	249,698
	946,222	708,630

3.2 Trade receivables and contract balances

		(Audited)	
	31 March 2021	*31 December 2020*	*31 March 2020*
	KD	*KD*	*KD*
Trade receivables	**1,160,796**	1,144,599	1,088,988
Allowance for expected credit losses`	**(629,053)**	(613,817)	(546,961)
	531,743	530,782	542,027
Contract assets	**828,680**	676,680	227,311
Allowance for expected credit losses	**(48,977)**	(35,420)	(13,316)
	779,703	641,260	213,995
	1,311,446	1,172,042	756,022

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

3.2 Trade receivables and contract balances (continued)

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 amounting to KD 74,924 (31 December 2020: KD 74,924, 31 March 2020: KD 28,777) 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:

	Three months ended 31 March	
	2021	*2020*
	KD	*KD*
As at 1 January	**649,237**	470,126
Provision for expected credit losses	**28,793**	90,151
As at 31 March	**678,030**	560,277

4 SELLING AND MARKETING EXPENSES

	Three months ended 31 March	
	2021	*2020*
	KD	*KD*
Salaries and other staff costs	**181,473**	119,215
Depreciation of property and equipment	**31,631**	24,496
Other miscellaneous expenses	**-**	568
	213,104	144,279

5 ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
		*Restated**
	2021	*2020*
	KD	*KD*
Salaries and other staff costs	**79,817**	52,475
Depreciation of property and equipment*	**2,236**	2,303
Depreciation of right-of-use assets	**8,620**	10,137
Maintenance and repair	**21,653**	14,832
Insurance expenses	**6,895**	5,526
Interest on lease liabilities	**2,796**	2,079
Other administrative expenses	**94,724**	67,334
	216,741	154,686

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 31 March 2020 and reflect adjustments made as detailed in Note 17.*

6 OTHER EXPENSES

	Three months ended 31 March	
	2021	*2020*
	KD	*KD*
Gain on sale of property and equipment	**-**	3,248
Net investment income (loss)	**510**	(18,157)
Changes in fair value of biological assets	**18,187**	4,858
Allowance for ECL on trade receivables and contract assets (Note 3.2)	**(28,793)**	(90,151)
Allowance for ECL on retention receivables (Note 9)	**(5,687)**	(35,353)
Provision for obsolete and slow-moving inventories	**(9,470)**	(10,320)
Write off of biological assets *	**(98,303)**	-
	(123,556)	(145,875)

* *During the period, the Group wrote off KD 98,303 of poultry products as a result of bird flu (H5N8) being detected in one of the farms.*

7 INVESTMENT IN AN ASSOCIATE

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*		
		31 March 2021 KD	*31 December 2020 KD*	*31 March 2020 KD*		***31 March 2021 KD***	*31 December 2020 KD*	*31 March 2020 KD*
Al Dhafra Irrigation Systems L.L.C.	UAE	**33%**	33%	33%	Agriculture	**114,082**	119,935	165,998

Reconciliation to carrying amounts:

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
As at the beginning of the period/ year	**119,935**	220,995	220,995
Share of loss	**(5,511)**	(109,856)	(59,770)
Foreign currency exchange adjustments	**(342)**	8,796	4,773
	114,082	119,935	165,998

8 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the 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 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 31 March	
	2021	*Restated* 2020*
Loss for the period (KD)	**(311,294)**	(295,483)
Weighted average number of ordinary shares outstanding during the period (shares)*	**52,315,800**	52,315,800
Basic and diluted loss per share (Fils)	**(5.95)**	(5.65)

* 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

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Non-current			
Retention receivables	-	-	16,080
Allowance for expected credit losses	-	-	(1,010)
	-	-	15,070
Current			
Retention receivables	**538,766**	538,766	523,295
Allowance for expected credit losses	**(142,679)**	(136,992)	(111,740)
	396,087	401,774	411,555
Prepaid expenses	**2,948**	8,232	5,721
Advances to suppliers	**118,423**	173,609	80,341
Other receivables	**39,735**	38,288	225,438
	557,193	621,903	723,055
	557,193	621,903	738,125

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

	Three months ended 31 March	
	2021 KD	*2020 KD*
As at 1 January	**136,992**	77,397
Provision for expected credit losses	**5,687**	35,353
As at 31 March	**142,679**	112,750

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 31 March 2021, 31 December 2020 and 31 March 2020:

Interim condensed consolidated statement of financial position

	Associate KD	*Other related parties KD*	***31 March 2021 KD***	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Amounts due from related parties	5,271	-	**5,271**	5,271	6,161
Financial assets at FVPL	-	42,275	**42,275**	44,519	35,780

As at the reporting date, the Group has receivables from the Ultimate Parent Company of KD 8,911 (31 December 2020: KD 8,911 and 31 March 2020: KD 8,911) which is net of an allowance for expected credit losses of KD 8,911 (31 December 2020: KD 8,911 and 31 March 2020: 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 period ended		*Balance outstanding as at*		
	31 March 2021 KD	*31 March 2020 KD*	***31 March 2021 KD***	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Salaries and other short-term benefits	**7,500**	**13,726**	-	43,946	39,744
Employees end of service benefits	-	**1,726**	-	86,538	82,565
	7,500	**15,452**	-	130,484	122,309

The Board of Directors at the meeting held on 12 April 2021 proposed no directors' remuneration for the year ended 31 December 2020. This proposal was approved by the shareholders at the AGM held on 10 May 2021.

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:

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Cash at banks	**1,136,160**	1,148,223	1,514,869
Cash on hand	**12,350**	12,350	12,350
Short-term deposits	**1,225,449**	1,222,697	1,214,487
Cash held in managed portfolios	**10,633**	10,650	10,696
	2,384,592	2,393,920	2,752,402

11 CASH AND CASH EQUIVALENTS (continued)

Short-term deposits are placed with a local bank for a period of three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

12 TREASURY SHARES

	31 March 2021	*(Audited) 31 December 2020*	*31 March 2020*
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	**5,491**	5,408	4,709

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

	31 March 2021 KD	*(Audited) 31 December 2020 KD*	*31 March 2020 KD*
Trade payables	**152,451**	77,039	118,233
Retention payables	**4,431**	4,432	5,188
Accrued expenses	**371,374**	353,019	208,640
Dividends payable	**225,203**	225,887	226,853
Other payables	**82,369**	134,731	327,779
	835,828	795,108	886,693

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 KD 2,003,137 (31 December 2020: KD 2,294,149 and 31 March 2020: KD 2,960,400. 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)

	31 March 2021			
	Commercial KD	***Projects KD***	***Investment KD***	***Total KD***
Assets	**4,989,381**	**1,278,277**	**1,383,336**	**7,650,994**
Liabilities	**1,108,093**	**484,268**	**-**	**1,592,361**
Income	**784,873**	**179,536**	**(5,001)**	**959,408**
Expenses	**1,002,804**	**267,898**	**-**	**1,270,702**
Segment loss	**(217,931)**	**(88,362)**	**(5,001)**	**(311,294)**
Other disclosures:				
Depreciation of property and equipment	**33,867**	**357**	**-**	**34,224**
Depreciation of right-of-use assets	**8,620**	**1,050**	**-**	**9,670**
Capital expenditure	**12,526**	**-**	**-**	**12,526**

	*31 March 2020 (Restated)**			
	Commercial KD	*Projects KD*	*Investment KD*	*Total KD*
Assets	5,111,599	1,470,359	1,416,265	7,998,223
Liabilities	1,181,045	477,167	-	1,658,212
Income	561,149	155,587	(77,927)	638,809
Expenses	630,285	304,007	-	934,292
Segment loss	(69,136)	(148,420)	(77,927)	(295,483)
Other disclosures:				
Depreciation of property and equipment	26,799	1,261	-	28,060
Depreciation of right-of-use assets	10,137	1,000	-	11,137
Capital expenditure	195,850	-	-	195,850

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at and for the period ended 31 March 2020 and reflect adjustments made as detailed in Note 17.*

	31 December 2020			
	Commercial KD	*Projects KD*	*Investment KD*	*Total KD*
Assets	5,304,635	1,229,817	1,387,151	7,921,603
Liabilities	1,106,985	444,349	-	1,551,334

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 2 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		
31 March 2021	***Quoted prices in active markets (Level 1) KD***	***Significant unobservable inputs (Level 2) KD***	***Total KD***
Financial instruments:			
Financial assets at FVTPL	**42,275**	**-**	**42,275**
Non-financial assets:			
Biological assets	**-**	**465,979**	**465,979**

There were no transfers between Level 1 and Level 2 fair value measurements during the period ended 31 March 2021.

	Fair value measurement using		
As at 31 December 2020	*Quoted prices in active markets (Level 1) KD*	*Significant unobservable inputs (Level 2) KD*	*Total KD*
Financial instruments:			
Financial assets at FVTPL	44,519	-	44,519
Non-financial assets:			
Biological assets	-	554,459	554,459

	Fair value measurement using		
As at 31 March 2020	*Quoted prices in active markets (Level 1) KD*	*Significant unobservable inputs (Level 2) KD*	*Total KD*
Financial instruments:			
Financial assets at FVPL	35,780	-	35,780
Non-financial assets			
Biological assets	-	500,529	500,529

17 RETROSPECTIVE RESTATEMENT

During the years 2012 to 2019, the Group has erroneously depreciated a freehold land acquired in 2012 for its own administrative purposes and classified under 'property and equipment'. As a consequence, property and equipment have been understated. The error has been corrected by restating each of the affected interim condensed consolidated financial information items for prior periods.

The following tables summarise the impacts on the Group's interim condensed consolidated financial information.

	31 March 2020		
Interim condensed consolidated statement of profit or loss	*As previously reported KD*	*Effect of restatement KD*	*After restatement KD*
Loss for the year	**(309,650)**	**14,167**	**(295,483)**
Basic and diluted EPS	**(5.92) fils**	**0.27 fils**	**(5.65) fils**

	31 March 2020		
Interim condensed consolidated statement of financial position	*As previously reported KD*	*Effect of restatement KD*	*After restatement KD*
ASSETS			
Properties and equipment	895,189	439,167	1,334,356
Total assets	7,559,056	439,167	7,998,223
EQUITY			
Accumulated losses	(1,117,543)	439,167	(678,376)
Total equity	5,900,844	439,167	6,340,011

There is no impact on other comprehensive income and consolidated statement of cash flows for the period ended 31 March 2020.

Further to the above restatement, there are certain prior year amounts that have been reclassified to conform to the current year presentation. There is no effect of these reclassification on the previously equity and profit for the period then ended.

18 IMPACT OF COVID-19

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group's annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not yet experienced any further significant adverse effects on its operations during the three months ended March 2021. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgemental and the Group will accordingly continue to reassess its financial position and the related impact on a regular basis.

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