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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2021

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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 Agro Production Company K.S.C.P. (the "Parent Company") and subsidiary (collectively, the "Group") as at 30 September 2021, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-months and nine-month period then 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 Accounting 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.

Emphasis of Matter
We draw attention to Note 8 to the interim condensed consolidated financial information, which describes that the Parent Company is involved in an ongoing legal dispute with a certain customer for which an unfavourable preliminary judgement was handed down against the Parent Company. During the period, the Parent Company decided to appeal that ruling. The ultimate outcome of the matter cannot presently be determined and accordingly no provision for any liability that may result has been recognised in the interim condensed consolidated financial information as at 30 September 2021. Our conclusion is not modified in respect of this matter.

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

Report on Other Legal and Regulatory Matters

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 nine-month period ended 30 September 2021 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-month period ended 30 September 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

14 November 2021
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2021

		Three months ended 30 September		*Nine months ended 30 September*	
			*(Restated)**		*(Restated)**
	Notes	***2021 KD***	*2020 KD*	***2021 KD***	*2020 KD*
Revenue from contracts with customers	3	**789,883**	855,766	**2,478,023**	2,290,625
Cost of sales and services rendered		**(545,170)**	(502,582)	**(1,716,809)**	(1,350,209)
GROSS PROFIT		**244,713**	353,184	**761,214**	940,416
Selling and marketing expenses		**(224,218)**	(179,774)	**(621,155)**	(496,592)
Administrative expenses		**(180,401)**	(200,447)	**(563,690)**	(470,475)
Operating loss		**(159,906)**	(27,037)	**(423,631)**	(26,651)
Other income (expenses), net		**5,467**	54,117	**(201,941)**	(262,627)
Share of results of an associate		**(10,937)**	(17,524)	**12,128**	(126,473)
(LOSS) PROFIT FOR THE PERIOD		**(165,376)**	9,556	**(613,444)**	(415,751)
BASIC AND DILUTED (LOSS) EARNING PER SHARE	4	**(3.16) Fils**	0.18 Fils	**(11.73) Fils**	(7.95) Fils

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 30 September 2020 and reflect adjustments made as detailed in Note 11.*

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	Three months ended 30 September		*Nine months ended 30 September*	
		*(Restated)**		*(Restated)**
	2021	*2020*	***2021***	*2020*
	KD	*KD*	***KD***	*KD*
LOSS FOR THE PERIOD	**(165,376)**	9,556	**(613,444)**	(415,751)
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	**12,119**	(493)	**2,264**	3,813
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(153,257)**	9,063	**(611,180)**	(411,938)

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information for the period ended 30 September 2020 and reflect adjustments made as detailed in Note 11.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2021

	Notes	**30 September 2021 KD**	(Audited) 31 December 2020 KD	(Restated)* 30 September 2020 KD
ASSETS				
Non-current assets				
Property and equipment		**1,538,302**	1,327,491	1,361,015
Right-of-use assets		**125,675**	157,491	168,596
Investment in an associate		**134,328**	119,935	98,335
Prepayments and other receivables		**-**	-	82,435
		1,798,305	1,604,917	1,710,381
Current assets				
Inventories		**1,293,021**	1,524,572	1,547,247
Biological assets		**439,618**	554,459	555,501
Trade receivables and contact assets	3	**1,011,102**	1,172,042	901,612
Prepayments and other receivables		**625,789**	621,903	605,368
Amounts due from related parties	5	**4,629**	5,271	6,161
Financial assets at fair value through profit or loss		**56,091**	44,519	41,685
Cash and cash equivalents	6	**2,133,480**	2,393,920	2,665,465
		5,563,730	6,316,686	6,323,039
TOTAL ASSETS		**7,362,035**	7,921,603	8,033,420
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	7	**(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		**100,608**	98,344	93,361
Accumulated losses		**(1,265,585)**	(652,141)	(798,644)
Total equity		**5,759,089**	6,370,269	6,218,783
Non-current liabilities				
Employees' end of service benefits		**545,642**	487,523	569,341
Lease liabilities		**71,713**	109,618	162,874
		617,355	597,141	732,215
Current liabilities				
Lease liabilities		**81,180**	84,161	31,939
Trade and other payables		**839,353**	795,108	975,559
Contract liabilities	3	**65,058**	74,924	74,924
		985,591	954,193	1,082,422
Total liabilities		**1,602,946**	1,551,334	1,814,637
TOTAL EQUITY AND LIABILITIES		**7,362,035**	7,921,603	8,033,420

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2020 and reflect adjustments made as detailed in Note 11.*

Abdulmoghni Abdullah Al-Abdulmoghni
Chairman

Waleed Ahmad Dawoud Al Ablani
Vice Chairman & CEO

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 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	-	-	-	-	-	-	(613,444)	(613,444)
Other comprehensive income	-	-	-	-	-	2,264	-	2,264
Total comprehensive income (loss) for the period	-	-	-	-	-	2,264	(613,444)	(611,180)
At 30 September 2021	**5,239,900**	**225,000**	**(3,573)**	**1,033,497**	**429,242**	**100,608**	**(1,265,585)**	**5,759,089**
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 11)	-	-	-	-	-	-	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)*	-	-	-	-	-	-	(415,751)	(415,751)
Other comprehensive income	-	-	-	-	-	3,813	-	3,813
Total comprehensive income (loss) for the period	-	-	-	-	-	3,813	(415,751)	(411,938)
At 30 September 2020	5,239,900	225,000	(3,573)	1,033,497	429,242	93,361	(798,644)	6,218,783

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 2020 and reflect adjustments made as detailed in Note 11.*

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2021

	Notes	*Nine months ended 30 September* **2021** ***KD***	*(Restated)* 2020 KD*
OPERATING ACTIVITIES			
Loss for the period		**(613,444)**	(415,751)
Adjustments to reconcile loss for the period to net cash flows:			
Depreciation of property and equipment		**122,169**	98,441
Depreciation of right-of-use assets		**31,816**	32,366
Murabaha income		**(4,553)**	(9,690)
Gain on disposal of property and equipment		**(15,997)**	(8,344)
ECL on trade receivables and contract assets	3	**3,930**	264,897
ECL on retention receivables		**15,858**	37,135
Provision for obsolete and slow-moving inventories		**18,680**	36,975
Write off of biological assets		**237,799**	-
Changes in fair value of biological assets		**(137,656)**	(38,848)
Share of results of an associate		**(12,128)**	126,473
Changes in fair value of financial assets at fair value through profit or loss		**(11,572)**	17,477
Interest on lease liabilities		**4,438**	6,322
Provision for employees' end of service benefits		**96,754**	52,872
		(263,906)	200,325
Working capital changes:			
Inventories		**212,871**	(226,372)
Biological assets		**14,698**	15,395
Trade receivables and contract assets		**157,010**	(299,103)
Prepayments and other receivables		**(19,744)**	(93,122)
Amount due from related parties		**642**	-
Trade and other payables		**54,110**	150,827
Contract liabilities		**(9,866)**	(26,677)
Advances on contracts		-	33,057
Cash flow from (used in) operations		**145,815**	(245,670)
Employees' end of service benefits paid		**(38,635)**	(27,803)
Net cash flows from (used in) operating activities		**107,180**	(273,473)
INVESTING ACTIVITIES			
Purchase of property and equipment		**(341,919)**	(292,895)
Proceeds from disposal of property and equipment		**24,936**	8,351
Murabaha income received		**4,553**	9,690
Net cash flows used in investing activities		**(312,430)**	(274,854)
FINANCING ACTIVITIES			
Dividends paid		**(9,866)**	(629)
Payment of principal portion of lease liabilities		**(45,324)**	(7,021)
Net cash flows used in financing activities		**(55,190)**	(7,650)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(260,440)**	(555,977)
Cash and cash equivalent as at 1 January		**2,393,920**	3,221,442
CASH AND CASH EQUIVALENT AS AT 30 SEPTEMBER	6	**2,133,480**	2,665,465

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at and for the period ended 30 September 2020 and reflect adjustments made as detailed in Note 11.*

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 2021 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 14 November 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, utilising 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 interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The Directors consider 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 30 September		*Nine months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	KD	*KD*	***KD***	*KD*
Type of goods or service				
Sale of goods	**673,494**	678,050	**1,852,226**	1,646,909
Rendering of services				
- Plantation projects	**116,389**	177,716	**625,797**	643,716
Total revenue from contracts with customers	**789,883**	855,766	**2,478,023**	2,290,625
Geographical markets				
Kuwait	**789,883**	855,766	**2,478,023**	2,290,625
Timing of revenue recognition				
Goods and services transferred at a point in time	**673,494**	678,050	**1,852,226**	1,646,909
Goods and services transferred over time	**116,389**	177,716	**625,797**	643,716
	789,883	855,766	**2,478,023**	2,290,625

3.2 Trade receivables and contract balances

		(Audited)	
	30 September 2021	*31 December 2020*	*30 September 2020*
	KD	*KD*	*KD*
Trade receivables	**1,480,763**	1,144,599	1,178,535
Allowance for expected credit losses	**(623,623)**	(613,817)	(705,484)
	857,140	530,782	473,051
Contract assets	**183,506**	676,680	458,100
Allowance for expected credit losses	**(29,544)**	(35,420)	(29,539)
	153,962	641,260	428,561
	1,011,102	1,172,042	901,612

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 65,058 (31 December 2020: KD 74,924, 30 September 2020: KD 74,924) 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	
	2021	*2020*
	KD	*KD*
As at 1 January	**649,237**	470,126
Provision for expected credit losses	**3,930**	264,897
As at 30 September	**653,167**	735,023

4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit 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) profit 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*	
	2021	*Restated* 2020*	***2021***	*Restated* 2020*
(Loss) profit for the period (KD)	**(165,376)**	9,556	**(613,444)**	(415,751)
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) earnings per share (Fils)	**(3.16) Fils**	0.18 Fils	**(11.73) Fils**	(7.95) Fils

* 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.

5 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 2021, 31 December 2020 and 30 September 2020:

5 RELATED PARTY DISCLOSURES (continued)

Interim condensed consolidated statement of financial position

	Associate *KD*	*Other related parties* *KD*	***30 September 2021*** ***KD***	*(Audited)* *31 December 2020* *KD*	*30 September 2020* *KD*
Amounts due from related parties	4,629	-	**4,629**	5,271	6,161
Financial assets at FVPL	-	56,091	**56,091**	44,519	41,685

As at the reporting date, the Group has gross receivables from the Ultimate Parent Company of KD 8,911 (31 December 2020: KD 8,911 and 30 September 2020: KD 8,911) against which allowance for expected credit losses of KD 8,911 (31 December 2020: KD 8,911 and 30 September 2020: KD 8,911) is provided for.

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 2021 ***KD***	*30 September 2020* *KD*	***30 September 2021*** ***KD***	*30 September 2020* *KD*
Salaries and other short-term benefits	**7,692**	13,726	**20,192**	41,178
Employees end of service benefits	-	1,726	-	5,178
	7,692	15,452	**20,192**	46,356

	Balance outstanding as at		
	30 September 2021 ***KD***	*(Audited)* *31 December 2020* *KD*	*30 September 2020* *KD*
Salaries and other short-term benefits	**1,100**	43,986	42,908
Employees end of service benefits	**1,108**	86,538	85,962
	2,208	130,384	128,870

6 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 2021 ***KD***	*(Audited)* *31 December 2020* *KD*	*30 September 2020* *KD*
Cash at banks	**2,111,833**	1,148,223	1,422,100
Cash on hand	**11,050**	12,350	12,850
Short-term deposits	**-**	1,222,697	1,219,849
Cash held in managed portfolios	**10,597**	10,650	10,666
	2,133,480	2,393,920	2,665,465

7 TREASURY SHARES

	30 September 2021	*(Audited) 31 December 2020*	*30 September 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	**4,326**	5,408	6,540

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.

8 CONTINGENCIES

Contingent liabilities

At the reporting date, the Group has provided guarantees to an unrelated party towards the performance of certain contracts amounting to KD 2,067,521 (31 December 2020: KD 2,294,149 and 30 September 2020: KD 2,669,192). No material liability is expected to arise.

During the period, an unfavourable judgment was handed down against the Group in respect of a legal claim made by a customer. However, after taking appropriate legal advice, management have decided to appeal against the decision. No payment has been made to the claimant pending outcome of the appeal. If upheld, payment of KD 358,000 will be required. The Group considers it to be probable that the judgment will be in its favour and has therefore not recognised a provision in relation to this claim. The court of appeal is expected to consider this matter in the forthcoming reporting period.

9 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

	30 September 2021			
	Commercial KD	***Projects KD***	***Investment KD***	***Total KD***
Assets	**6,324,408**	**847,208**	**190,419**	**7,362,035**
Liabilities	**1,117,252**	**485,694**	**-**	**1,602,946**
Income	**2,152,599**	**479,074**	**28,255**	**2,659,928**
Expenses	**(2,619,120)**	**(654,252)**	**-**	**(3,273,372)**
Segment loss	**(466,521)**	**(175,178)**	**28,255**	**(613,444)**
Other disclosures:				
Depreciation of property and equipment	**(120,768)**	**(1,401)**	**-**	**(122,169)**
Depreciation of right-of-use assets	**31,116**	**700**	**-**	**31,816**
Capital expenditure	**339,004**	**2,915**	**-**	**341,919**

9 SEGMENT INFORMATION (continued)

	30 September 2020			
	Commercial KD	*Projects KD*	*Investment KD*	*Total KD*
Assets	5,531,590	1,141,961	1,359,869	8,033,420
Liabilities	1,254,542	560,095	-	1,814,637
Income	1,981,700	356,117	(134,260)	2,203,557
Expenses	(2,031,411)	(587,897)	-	(2,619,308)
Segment loss	(49,711)	(231,780)	(134,260)	(415,751)
Other disclosures:				
Depreciation of property and equipment	96,173	2,268	-	98,441
Depreciation of right-of-use assets	30,366	2,000	-	32,366
Capital expenditure	292,895	-	-	292,895

* *Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at and for the period ended 30 September 2020 and reflect adjustments made as detailed in Note 11.*

	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

10 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

10 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy

- 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 in the interim condensed consolidated financial information 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.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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

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.

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.

11 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.

	Nine months ended 30 September 2020		
Interim condensed consolidated statement of profit or loss	*As previously reported KD*	*Effect of restatement KD*	*After restatement KD*
Loss for the period	(458,251)	42,500	(415,751)
Basic and diluted EPS	(8.76) fils	0.81 fils	(7.95) fils

	Three months ended 30 September 2020		
Interim condensed consolidated statement of profit or loss	*As previously reported KD*	*Effect of restatement KD*	*After restatement KD*
(Loss) profit for the period	(4,610)	14,166	9,556
Basic and diluted EPS	(0.09) fils	0.27 fils	0.18 fils

11 RETROSPECTIVE RESTATEMENT

	30 September 2020		
Interim condensed consolidated statement of financial position	***As previously reported KD***	***Effect of restatement KD***	***After restatement KD***
ASSETS			
Properties and equipment	893,515	467,500	1,361,015
Total assets	7,565,920	467,500	8,033,420
EQUITY			
Accumulated losses	(1,266,144)	467,500	(798,644)
Total equity	5,751,283	467,500	6,218,783

There is no impact on other comprehensive income and cash flows for the period ended 30 September 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.

12 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 nine months ended September 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.