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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2022

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.

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 June 2022, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months 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.

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 six-months period ended 30 June 2022 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 six-months period ended 30 June 2022 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 August 2022
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 June 2022

		Three months ended 30 June		*Six months ended 30 June*	
	Notes	***2022***	*2021*	***2022***	*2021*
		KD	*KD*	***KD***	*KD*
Revenue from contracts with customers	3	**854,895**	741,918	**1,725,029**	1,688,140
Cost of sales and services rendered		**(442,153)**	(473,035)	**(907,385)**	(1,171,639)
GROSS PROFIT		**412,742**	268,883	**817,644**	516,501
Selling and marketing expenses		**(246,171)**	(183,833)	**(486,962)**	(396,937)
Administrative expenses		**(178,162)**	(166,548)	**(357,008)**	(383,289)
OPERATING LOSS		**(11,591)**	(81,498)	**(26,326)**	(263,725)
Other income (expenses), net		**47,879**	(83,852)	**96,920**	(207,408)
Share of result of an associate		**(6,790)**	28,576	**(13,053)**	23,065
PROFIT (LOSS) BEFORE PROVISION FOR TAX		**29,498**	(136,774)	**57,541**	(448,068)
National Labour Support Tax ("NLST")		**(738)**	-	**(1,439)**	-
Zakat		**(60)**	-	**(60)**	-
PROFIT (LOSS) FOR THE PERIOD		**28,700**	(136,774)	**56,042**	(448,068)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	4	**0.55 Fils**	(2.61) Fils	**1.07 Fils**	(8.56) Fils

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2022

	Three months ended 30 June		*Six months ended 30 June*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
PROFIT (LOSS) FOR THE PERIOD	**28,700**	(136,774)	**56,042**	(448,068)
Other comprehensive income (loss):				
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**10,245**	(9,513)	**6,935**	(9,855)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**38,945**	(146,287)	**62,977**	(457,923)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

	Notes	***30 June 2022 KD***	*(Audited) 31 December 2021 KD*	*30 June 2021 KD*
ASSETS				
Non-current assets				
Property and equipment		**1,404,668**	1,483,557	1,551,038
Right-of-use assets		**140,667**	163,735	136,848
Investment in an associate		**162,070**	168,189	133,145
		1,707,405	1,815,481	1,821,031
Current assets				
Inventories		**1,040,664**	1,093,618	1,343,533
Biological assets		**235,780**	477,676	369,721
Trade receivables and contact assets	3	**798,992**	1,066,998	1,294,368
Prepayments and other receivables		**268,285**	512,286	572,562
Amounts due from related parties	5	**6,464**	5,139	5,271
Financial assets at fair value through profit or loss	5	**23,854**	51,250	46,054
Cash and cash equivalents	6	**2,328,171**	2,088,521	2,222,732
		4,702,210	5,295,488	5,854,241
TOTAL ASSETS		**6,409,615**	7,110,969	7,675,272
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		**102,346**	95,411	88,489
Accumulated losses		**(1,864,618)**	(1,920,660)	(1,100,209)
Total equity		**5,161,794**	5,098,817	5,912,346
Non-current liabilities				
Employees' end of service benefits		**506,063**	557,640	527,618
Lease liabilities		**91,143**	129,271	72,987
		597,206	686,911	600,605
Current liabilities				
Lease liabilities		**48,818**	54,760	82,871
Trade and other payables		**542,426**	1,205,423	1,014,392
Contract liabilities	3	**59,371**	65,058	65,058
		650,615	1,325,241	1,162,321
TOTAL LIABILITIES		**1,247,821**	2,012,152	1,762,926
TOTAL EQUITY AND LIABILITIES		**6,409,615**	7,110,969	7,675,272

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 June 2022

	Share capital KD	*Share premium KD*	*Treasury shares KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Foreign currency translation reserve KD*	*Accumulated losses KD*	*Total equity KD*
As at 1 January 2022 (*audited*)	**5,239,900**	**225,000**	**(3,573)**	**1,033,497**	**429,242**	**95,411**	**(1,920,660)**	**5,098,817**
Profit for the period	-	-	-	-	-	-	56,042	56,042
Other comprehensive income	-	-	-	-	-	6,935	-	6,935
Total comprehensive income for the period	-	-	-	-	-	6,935	56,042	62,977
At 30 June 2022	**5,239,900**	**225,000**	**(3,573)**	**1,033,497**	**429,242**	**102,346**	**(1,864,618)**	**5,161,794**
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	-	-	-	-	-	-	(448,068)	(448,068)
Other comprehensive loss	-	-	-	-	-	(9,855)	-	(9,855)
Total comprehensive loss for the period	-	-	-	-	-	(9,855)	(448,068)	(457,923)
At 30 June 2021	5,239,900	225,000	(3,573)	1,033,497	429,242	88,489	(1,100,209)	5,912,346

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2022

	Notes	*Six months ended 30 June*	
		2022	*2021*
		KD	*KD*
OPERATING ACTIVITIES			
Profit (loss) for the period before tax		**57,541**	(448,068)
Adjustments to reconcile profit (loss) for the period before tax to net cash flows:			
Depreciation of property and equipment		**102,046**	71,113
Depreciation of right-of-use assets		**27,357**	20,643
Murabaha income		**-**	(4,553)
Gain on disposal of property and equipment		**(28,800)**	(15,997)
(Reversal of) allowance for provision for expected credit losses on trade receivables and contract assets	3	**(85,508)**	13,798
Allowance for provision for expected credit losses on retention receivables		**40,002**	13,837
(Reversal of) charge for obsolete and slow-moving inventories		**(43,737)**	17,700
Write off of biological assets		**29,712**	237,799
Changes in fair value of biological assets		**75,613**	(53,641)
Share of results of an associate		**13,054**	(23,065)
Changes in fair value of financial assets at fair value through profit or loss		**27,396**	(1,535)
Interest on lease liabilities		**3,775**	3,242
Provision for employees' end of service benefits		**81,426**	67,106
		299,877	(101,621)
Working capital changes:			
Inventories		**96,691**	163,339
Biological assets		**136,571**	580
Trade receivables and contract assets		**353,514**	(136,124)
Prepayments and other receivables		**203,999**	35,504
Advances received on contracts		**(5,687)**	(9,866)
Amounts due from related parties		**(1,325)**	-
Trade and other payables		**(662,208)**	220,683
Cash flow from operations		**421,432**	172,495
Employees' end of service benefits paid		**(133,003)**	(27,011)
Net cash flows from operating activities		**288,429**	145,484
INVESTING ACTIVITIES			
Purchase of property and equipment		**(23,183)**	(303,606)
Proceeds from disposal of property and equipment		**28,826**	24,943
Murabaha income received		-	4,553
Net cash flows from (used) in investing activities		**5,643**	(274,110)
FINANCING ACTIVITIES			
Dividends paid		**(2,288)**	(1,399)
Payment of lease liabilities		**(52,134)**	(41,163)
Net cash flows used in financing activities		**(54,422)**	(42,562)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**239,650**	(171,188)
Cash and cash equivalents at 1 January		**2,088,521**	2,393,920
CASH AND CASH EQUIVALENTS AT 30 JUNE	6	**2,328,171**	2,222,732
Non-cash transactions excluded from the statement of cash flows:			
Additions to right-of-use assets		**(4,289)**	-
Additions to lease liabilities		**4,289**	-

The attached notes 1 to 10 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 six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 14 August 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved in the annual general assembly meeting (AGM) of the shareholders held on 11 May 2022. 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 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (continued)
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts outstanding within the scope of these amendments arisen during the period.

Reference to the Conceptual Framework – *Amendments to IFRS 3*
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to IAS 16*
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IAS 41 Agriculture – Taxation in fair value measurements (continued)

These amendments had no impact on the interim condensed consolidated financial information of the Group even though it has assets in scope of IAS 41 as at the reporting date.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

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 June		*Six months ended 30 June*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
Type of goods or service				
Sale of goods	**743,940**	491,339	**1,368,392**	1,178,732
Rendering of services				
- Plantation projects	**110,955**	250,579	**356,637**	509,408
Total revenue from contracts with customers	**854,895**	741,918	**1,725,029**	1,688,140
Geographical markets				
Kuwait	**854,895**	741,918	**1,725,029**	1,688,140
Timing of revenue recognition				
Goods and services transferred at a point in time	**743,940**	491,339	**1,368,392**	1,178,732
Goods and services transferred over time	**110,955**	250,579	**356,637**	509,408
	854,895	741,918	**1,725,029**	1,688,140

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

3.2 Trade receivables and contract balances

	30 June 2022 KD	*(Audited) 31 December 2021 KD*	*30 June 2021 KD*
Trade receivables	**1,173,518**	1,593,329	1,750,751
Allowance for expected credit losses	**(502,840)**	(663,832)	(629,764)
	670,678	929,497	1,120,987
Contract assets	**143,128**	168,506	206,652
Allowance for expected credit losses	**(14,814)**	(31,005)	(33,271)
	128,314	137,501	173,381
	798,992	1,066,998	1,294,368

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 59,371 (31 December 2021: KD 65,058 30 June 2021: KD 65,058) 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:

	Six months ended 30 June	
	2022 KD	*2021 KD*
As at 1 January	**694,837**	649,237
(Reversal of) allowance for provision for expected credit losses	**(85,508)**	13,798
Write off*	**(91,675)**	-
As at 30 June	**517,654**	663,035

* *Certain receivables are written off as there is no reasonable expectation of recovering the contractual cash flows.*

4 EARNINGS (LOSS) PER SHARE (EPS)

Basic EPS is 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 June		*Six months ended 30 June*	
	2022	*2021*	***2022***	*2021*
Profit (loss) for the period (KD)	**28,700**	(136,774)	**56,042**	(448,068)
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 earnings (loss) per share (Fils)	**0.55**	(2.61)	**1.07**	(8.56)

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

4 EARNINGS (LOSS) PER SHARE (EPS) (continued)

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 June 2022, 31 December 2021 and 30 June 2021:

Interim condensed consolidated statement of financial position

	Associate KD	*Other related parties KD*	***30 June 2022 KD***	*(Audited) 31 December 2021 KD*	*30 June 2021 KD*
Amounts due from related parties	6,464	-	**6,464**	5,139	5,271
Financial assets at FVPL	-	23,854	**23,854**	51,250	46,054

As at the reporting date, the Group has gross receivables from the Ultimate Parent Company of KD 8,911 (31 December 2021: KD 8,911 and 30 June 2021: KD 8,911) for which the Group has made a full provision against.

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 Six months ended*	
	30 June 2022 KD	*30 June 2021 KD*	***30 June 2022 KD***	*30 June 2021 KD*
Salaries and other short-term benefits	**12,000**	5,000	**24,000**	12,500
Employees end of service benefits	**3,457**	-	**6,895**	-
	15,457	5,000	**30,895**	12,500

	Balance outstanding as at		
	30 June 2022 KD	*(Audited) 31 December 2021 KD*	*30 June 2021 KD*
Salaries and other short-term benefits	**6,278**	2,845	-
Employees end of service benefits	**6,300**	2,839	-
	12,578	5,684	-

No Board of Directors remuneration has been approved by the Parent Company at the AGM held on 11 May 2022.

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 June 2022 KD	*(Audited) 31 December 2021 KD*	*30 June 2021 KD*
Cash at banks	**2,307,477**	2,068,396	2,199,767
Cash on hand	**10,150**	9,550	12,350
Cash held in managed portfolios	**10,544**	10,575	10,615
	2,328,171	2,088,521	2,222,732

7 TREASURY SHARES

	30 June 2022	*(Audited) 31 December 2021*	*30 June 2021*
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**	5,658	4,992

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

Legal claim contingency
In the prior years, one of the customers filed a case against the Parent Company demanding compensation amounting to KD 358,000 for breach of terms and agreement of the contract. The Court of First Instance accepted the case and issued an order in favour of the customer.

The Parent Company filed an appeal against the order. The Court accepted the appeal and sought expert report on the status of actual work completion. The Court on the basis of the expert report reversed the decision and ruled the case in favour of the Parent Company and ordered the customer to pay KD 358,000 to the Parent Company. The amount has been recorded under other income in the interim condensed consolidated financial information.

Further, the subcontractor - Al Mazaya Contracting Company also had filed a case against the Parent Company for the payment of the subcontracting dues. The Court in the decision dated 9 May 2022 ordered the Parent Company to pay an amount of KD 151,292 against the subcontracting work executed by the contractor. The amount has been recorded under other expenses in the interim condensed consolidated financial information.

Other contingent liabilities
At the reporting date, the Group has provided guarantees to an unrelated party towards the performance of certain contracts amounting to KD 1,133,023 (31 December 2021: KD 2,128,783 and 30 June 2021: KD 2,294,149). No material liability is expected to arise.

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 June 2022				
	Commercial KD	***Projects KD***	***Investment KD***	***Unallocated KD***	***Total KD***
Assets	**4,884,136**	**1,339,555**	**185,924**	**-**	**6,409,615**
Liabilities	**948,242**	**298,080**	**-**	**1,499**	**1,247,821**
Income	**1,433,614**	**244,561**	**317,551**	**-**	**1,995,726**
Expenses	**(1,454,023)**	**(211,433)**	**(272,729)**	**-**	**(1,938,185)**
Segment results	**(20,409)**	**33,128**	**44,822**	**-**	**57,541**
Other disclosures:					
Depreciation of property and equipment	**99,450**	**2,596**	**-**	**-**	**102,046**
Depreciation of right-of-use assets	**25,257**	**2,100**	**-**	**-**	**27,357**
Capital expenditure	**15,390**	**7,793**	**-**	**-**	**23,183**

	30 June 2021				
	Commercial KD	*Projects KD*	*Investment KD*	*Unallocated KD*	*Total KD*
Assets	5,119,631	1,147,974	1,407,667	-	7,675,272
Liabilities	1,267,083	495,843	-	-	1,762,926
Income	1,393,757	364,021	29,153	-	1,786,931
Expenses	(1,769,949)	(465,050)		-	(2,234,999)
Segment results	(376,192)	(101,029)	29,153	-	(448,068)
Other disclosures:					
Depreciation of property and equipment	70,311	802	-	-	71,113
Depreciation of right-of-use assets	20,643	-	-	-	20,643
Capital expenditure	300,691	2,915	-	-	303,606

	31 December 2021 (Audited)			
	Commercial KD	*Projects KD*	*Investment KD*	*Total KD*
Assets	5,399,704	1,491,826	219,439	7,110,969
Liabilities	1,340,383	671,769	-	2,012,152

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:

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:

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.