Palms Agro Production Company K.S.C.P. and Subsidiary
State of Kuwait

Interim condensed consolidated financial information (Unaudited)
and review report
For the six month period ended 30 June 2024

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State of Kuwait

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

TO THE SHAREHOLDERS
PALMS AGRO PRODUCTION COMPANY K.S.C.P.
STATE OF KUWAIT

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of Palms Agro Production Company K.S.C.P. (the "Parent Company") and its subsidiary (together referred to as the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2024, and the interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended. The Group's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information initially consists of making inquiries of personnel 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 International Accounting Standard 34: (Interim Financial Reporting).

Other Matter

The interim condensed consolidated financial information for the six month period ended 30 June 2023 was reviewed by another auditor, who expressed an unqualified conclusion on that information on 13 August 2023.

Report on 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 Group. We further report that, except for the extinguishment of the accumulated losses carried by the parent company which does not comply with Article 2 of Ministerial Decision No. 155 of 2018, nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six months period ended 30 June 2024, that might have had a material effect on business of the Group or its consolidated financial position.

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 13 August 2024

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

Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2024

	Notes	30 June 2024	(Audited) 31 December 2023	30 June 2023
		KD	KD	KD
ASSETS				
Non-current assets				
Property, plant and equipment		1,642,780	1,699,375	1,499,571
Right of use assets		160,902	74,933	92,430
Investment in an associate	3	530,031	469,447	278,400
		2,333,713	2,243,755	1,870,401
Current assets				
Inventories		1,079,911	1,081,150	1,115,382
Biological assets		258,347	241,416	295,036
Contract assets	10	65,740	94,176	429,108
Trade and other receivables	4	1,359,494	1,532,643	1,245,046
Due from a related party	5	6,464	6,464	6,464
Financial assets at fair value through profit or loss ("FVTPL")		20,159	19,024	24,661
Term deposit	6	1,072,906	1,050,000	-
Cash and cash equivalents	7	714,826	590,411	1,670,752
		4,577,847	4,615,284	4,786,449
Total assets		6,911,560	6,859,039	6,656,850
EQUITY AND LIABILITIES				
EQUITY				
Share capital		5,239,900	5,239,900	5,239,900
Share premium		-	225,000	225,000
Statutory reserve		40,929	1,033,497	1,033,497
Voluntary reserve		-	429,242	429,242
Treasury shares	8	(3,573)	(3,573)	(3,573)
Foreign currency translation reserve		54,514	56,874	57,175
Accumulated losses		64,942	(1,421,810)	(1,548,378)
Total equity		5,396,712	5,559,130	5,432,863
LIABILITIES				
Non-current liabilities				
Lease liabilities		134,404	47,493	60,304
Employees' end of service benefits		504,027	509,567	514,203
		638,431	557,060	574,507
Current liabilities				
Lease liabilities		45,095	32,890	51,987
Contract liabilities	10	17,713	69,207	69,239
Trade and other payables	9	813,609	640,752	528,254
		876,417	742,849	649,480
Total liabilities		1,514,848	1,299,909	1,223,987
Total equity and liabilities		6,911,560	6,859,039	6,656,850

The accompanying notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

Abdullah Musallam Al-Zamel
Chairman

Khaled Abdulaziz Al-Ghanim
Vice Chairman

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

Interim condensed consolidated statement of profit or loss (Unaudited)
For the six month period ended 30 June 2024

	Notes	Three months ended 30 June		Six months ended 30 June	
		2024	2023	2024	2023
		KD	KD	KD	KD
Operating revenue	10	1,010,114	883,978	2,142,585	1,958,211
Operating costs		(608,418)	(466,554)	(1,276,256)	(1,032,165)
Gross profit		401,696	417,424	866,329	926,046
Gain on sale of property, plant and equipment		42,521	1,700	42,521	1,700
Change in fair value of biological assets		9,790	11,911	22,661	32,845
Write-back of provision for obsolete and slow-moving inventories		2,228	26,328	26,725	49,255
Write-back of provision for expected credit losses for contract assets		-	770	-	770
Provision for expected credit losses on contract assets		-	-	-	(626)
Provision for expected credit losses on trade and other receivables	4	-	(12,682)	(15,377)	(56,805)
General and administrative expenses		(199,134)	(180,220)	(444,795)	(407,005)
Selling and distribution expenses		(265,178)	(258,667)	(531,698)	(541,481)
Finance costs		(2,090)	(1,342)	(4,376)	(2,754)
Operating (loss) / profit		(10,167)	5,222	(38,010)	1,945
Share of results of an associate	3	27,918	29,500	32,257	64,335
Reversal of impairment loss of an associate	3	-	-	30,687	-
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		6,810	(15,581)	1,135	(24,201)
Interest income		12,474	18,066	25,184	35,943
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		37,035	37,207	51,253	78,022
KFAS		(513)	-	(513)	-
NLST		(271)	(559)	(859)	(2,547)
Zakat		(109)	-	(344)	(795)
Profit for the period		36,142	36,648	49,537	74,680
Basic and diluted earnings per share (fils)	11	0.69	0.70	0.95	1.43

The accompanying notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the six month period ended 30 June 2024

	Note	Three months ended 30 June		Six months ended 30 June	
		2024	2023	2024	2023
		KD	KD	KD	KD
Profit for the period		36,142	36,648	49,537	74,680
Other comprehensive (loss)/income items:					
Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss					
Foreign exchange differences on translation of foreign operations	3	(2,445)	3,283	(2,360)	73
Total other comprehensive income for the period		33,697	39,931	47,177	74,753

The accompanying notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)
For the six month period ended 30 June 2024

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Foreign currency translation reserve	(Accumulated losses) / retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD
At 1 January 2023	5,239,900	225,000	1,033,497	429,242	(3,573)	57,102	(1,623,058)	5,358,110
Profit for the period	-	-	-	-	-	-	74,680	74,680
Other comprehensive income for the period	-	-	-	-	-	73	-	73
Total comprehensive income for the period	-	-	-	-	-	73	74,680	74,753
At 30 June 2023	5,239,900	225,000	1,033,497	429,242	(3,573)	57,175	(1,548,378)	5,432,863
At 1 January 2024	5,239,900	225,000	1,033,497	429,242	(3,573)	56,874	(1,421,810)	5,559,130
Profit for the period	-	-	-	-	-	-	49,537	49,537
Other comprehensive loss for the period	-	-	-	-	-	(2,360)	-	(2,360)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(2,360)	49,537	47,177
Extinguishment of accumulated losses (Note 14)	-	-	(992,568)	(429,242)	-	-	1,421,810	-
Transferring share premium to retained earnings (Note 14)	-	(225,000)	-	-	-	-	225,000	-
Dividends (Note 14)	-	-	-	-	-	-	(209,595)	(209,595)
At 30 June 2024	5,239,900	-	40,929	-	(3,573)	54,514	64,942	5,396,712

The accompanying notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)
For the six month period ended 30 June 2024

	Notes	Six months ended 30 June 2024 KD	Six months ended 30 June 2023 KD
OPERATING ACTIVITIES			
Profit before National Labour Support Tax ("NLST") and Zakat		50,740	78,022
Adjustments:			
Depreciation of property, plant and equipment		177,661	115,043
Amortisation of right of use assets		31,411	29,083
Gain on sale of property, plant and equipment		(42,521)	(1,700)
Finance costs		4,376	2,754
Change in fair value of biological assets		(22,661)	(32,845)
Write off of biological assets		13,425	11,341
Write-back of provision for obsolete and slow-moving inventories		(26,725)	(49,255)
Write-back of provision for expected credit losses on contract assets		-	(770)
Provision for expected credit losses on contract assets		-	626
Provision for expected credit losses on trade and other receivables	4	15,377	56,805
Share of results of an associate	3	(32,257)	(64,335)
Reversal of impairment loss of an associate	3	(30,687)	-
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		(1,135)	24,201
Interest income		(25,184)	(35,943)
Provision for employees' end of service benefits		52,134	42,339
Provision for KFAS		513	-
		164,467	175,366
Changes in working capital:			
Inventories		27,964	72,115
Biological assets		(7,695)	(19,203)
Contract assets		28,436	(207,146)
Trade and other receivables		157,772	(52,746)
Contract obligations		(51,494)	(24,059)
Trade and other payables		(37,939)	(122,861)
Net cash flows generated from / (used in) operations		281,511	(178,534)
Employees' end of service benefits paid		(57,674)	(25,884)
Net cash flows generated from / (used in) operating activities		223,837	(204,418)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(121,115)	(245,805)
Proceeds from sale of property, plant and equipment		42,570	839
Net movement on term deposits		(22,906)	-
Interest income received		25,184	35,943
Net cash flows used in investing activities		(76,267)	(209,023)
FINANCING ACTIVITIES			
Dividends paid		(515)	(82)
Lease liabilities paid		(22,640)	(19,973)
Net cash flows used in financing activities		(23,155)	(20,055)
Net increase / (decrease) in cash and cash equivalents		124,415	(433,496)
Cash and cash equivalents at beginning of the period		590,411	2,104,248
Cash and cash equivalents at end of the period	7	714,826	1,670,752

The Group has the following non-cash transactions during the period which is not reflected in the interim condensed consolidated statement of cash flows:

Additions to right of use assets	(117,380)	(4,019)
Additions on lease liabilities	117,380	4,019

The accompanying notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

1. INCORPORATION AND ACTIVITY

Palms Agro Production Company K.S.C.P. (the "Parent Company"), is a public shareholding company incorporated as per the Memorandum of Incorporation dated 23 May 1982 under the Laws of the State of Kuwait and is listed on the Boursa Kuwait. The Parent Company's head office is located at Al Rai, 4th ring road, plot No. 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 Boursa Kuwait, 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").

The Group's consolidated financial statements for the year ended 31 December 2023 were approved at the Annual General Assembly of Shareholders on 5 June 2024.

The interim condensed consolidated financial information for the six month period ended 30 June 2024 were authorised for the issue by the Parent Company's Board of Directors on 13 August 2024.

2. BASIS OF PREPARATION

This Group's interim condensed consolidated financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. This interim condensed consolidated financial information does not include all the information and disclosures required for preparation of complete annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In the opinion of Company's management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included.

The operating results for the six month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further information, refer to the annual consolidated audited financial statements of the Group for the financial year ended 31 December 2023 ("Latest audited annual consolidated financial statements").

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is also the functional and presentation currency of the Group.

Certain comparative information in the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of profit or loss has been reclassified to conform to the current period presentation. Such reclassification did not have any effect on the profit for the period and the interim condensed consolidated statement of equity of the Group (Note 15).

2. BASIS OF PREPARATION (CONTINUED)

2.1 Changes in material accounting policies information

New standards, interpretations and amendments adopted by the Group
The accounting policy information applied in the preparation of the interim condensed consolidated financial statements is consistent with those used in the preparation of the Group's audited annual consolidated financial statements for the financial year ended 31 December 2023, except for the application of new standards effective from 1 January 2024.
The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments have been applied for the first time in 2024, but they do not have an impact on the interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier financing arrangements and require additional disclosure about these arrangements. The disclosure requirements in the amendments are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk. The transition rules clarify that the entity is not required to provide disclosures at any interim periods in the year of initial application of the amendments.

The amendments had no material impact on the interim condensed consolidated financial information of the Group.

Amendments to IFRS 16: Lease liabilities in sale and leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a lessee seller uses to measure the lease liability arising from a sale transaction and a leaseback, to ensure that the lessee seller does not recognize any amount of gain or loss that relates to a held right of use.

The amendments had no material impact on the interim condensed consolidated financial information of the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.
The amendments clarify:
- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced that an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer payment is conditional on compliance with future covenants within twelve months.

The amendments had no material impact on the interim condensed consolidated financial information of the Group.

3. INVESTMENT IN AN ASSOCIATE

The details of the Group's associate is as follows:

Name of associate	Country of incorporation	Voting rights and equity share %			Activity	Carrying value		
		30 June 2024	31 December 2023 (Audited)	30 June 2023		30 June 2024	31 December 2023 (Audited)	30 June 2023
		%	%	%		KD	KD	KD
Al Dhafra Irrigation Systems L.L.C.	Emirate of Abu Dhabi, United Arab Emirates	33	33	33	Operation and maintenance for landscape, irrigation and forest	530,031	469,447	278,400

Summarised financial information in respect of the Group's associate is set out below:

	30 June 2024	31 December 2023 (Audited)	30 June 2023
	KD	KD	KD
Summary of the interim condensed financial position of the associate			
Current assets	2,166,626	2,006,480	1,310,199
Non-current assets	452,040	153,927	179,650
Total assets	2,618,666	2,160,407	1,489,849
Current liabilities	(662,631)	(336,190)	(325,487)
Non-current liabilities	(349,880)	(401,649)	(320,725)
Total liabilities	(1,012,511)	(737,839)	(646,212)
Net assets	1,606,155	1,422,568	843,637
Equity interest %	%33	%33	%33
Group's share of associate's net assets	530,031	469,447	278,400
Summary of the interim condensed statement of profit or loss of the associate			
Revenue	2,042,408	3,389,472	1,548,347
Expenses	(1,944,659)	(2,961,837)	(1,353,392)
Profit for the period / year / period	97,749	427,635	194,955
Group's share of results for the period / year / period	32,257	141,120	64,335
Contingent liabilities	2,338,610	1,425,192	1,404,207

Reconciliation to carrying amount:

	30 June 2024	31 December 2023 (Audited)	30 June 2023
	KD	KD	KD
At beginning of the period / year / period	469,447	213,992	213,992
Share of results	32,257	141,120	64,335
Reversal of impairment loss	30,687	114,563	-
Foreign currency translation reserve	(2,360)	(228)	73
At the end of the period / year / period	530,031	469,447	278,400

4. TRADE AND OTHER RECEIVABLES

	30 June 2024	31 December 2023 (Audited)	30 June 2023
	KD	KD	KD
Trade receivables	1,656,237	1,804,656	1,581,646
Less: provision for expected credit losses	(538,710)	(523,333)	(578,110)
	1,117,527	1,281,323	1,003,536
Retention	445,556	441,332	389,385
Less: provision for expected credit losses	(314,299)	(314,299)	(266,019)
	131,257	127,033	123,366
Advance payments to suppliers	62,876	27,368	36,752
Prepaid expenses	28,863	16,541	7,798
Other receivables	18,971	80,378	73,594
	1,359,494	1,532,643	1,245,046

Movement on provision for expected credit losses during the period/ year/ period is as follows:

	30 June 2024	31 December 2023 (Audited)	30 June 2023
	KD	KD	KD
At beginning of the period / year / period	837,632	787,324	787,324
Charged during the period / year / period	15,377	50,308	56,805
At the end of the period / year / period	853,009	837,632	844,129

5. RELATED PARTY DISCLOSURES

The related parties includes its associate, 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.

Related party balances and transactions are as follows:

	Associate	Other related parties	30 June 2024	31 December 2023 (Audited)	30 June 2023
	KD	KD	KD	KD	KD
Interim condensed consolidated statement of financial position					
Due from a related party					
Al Dhafra Irrigation Systems L.L.C.	6,464	-	6,464	6,464	6,464
Financial assets at fair value through profit or loss	-	9,565	9,565	9,565	9,565
Interim condensed consolidated statement of profit or loss					
Change in fair value of financial assets at fair value through profit or loss	-	-	-	8,620	-

5. RELATED PARTY DISCLOSURES (CONTINUED)

As at the date of the interim condensed consolidated financial information, the Group had receivables from the Ultimate Parent Company amounting to KD 8,911 (31 December 2023: KD 8,911 and 30 June 2023: KD 8,911), which the Group recognized a full allowance for it.

Compensation of key management personnel

	Three months ended 30 June		Six months ended 30 June	
	2024	**2023**	**2024**	**2023**
Salaries and short-term employee benefits	2,308	12,000	14,308	24,000
End of service benefits	652	3,452	4,114	6,872
	2,960	15,452	18,422	30,872

6. TERM DEPOSIT

As at 30 June 2024, the term deposit represent deposit denominated in Kuwaiti Dinars and placed with a local bank having an original maturity period of more than three months from the placement date and less than one year from the consolidated statement of financial position date and yield an effective interest rate of 4.125% per annum (31 December 2023: 4.375% and 30 June 2023: Nill).

7. CASH AND CASH EQUIVALENTS

For the purposes of the interim condensed consolidated statement of cash flows, cash and cash equivalents consist of the following:

	30 June 2024	**31 December 2023 (Audited)**	**30 June 2023**
	KD	KD	KD
Bank balances	566,036	443,941	137,734
Cash on hand	10,600	10,750	11,350
Short term deposits*	127,705	125,223	1,511,158
Cash held in a portfolio	10,485	10,497	10,510
	714,826	590,411	1,670,752

*The effective interest rate on the short-term deposit is 4% (31 December 2023: 4% and 30 June 2023: 4%) per annum and has a contractual maturity of less than three months from the deposit date.

8. TREASURY SHARES

	30 June 2024	**31 December 2023 (Audited)**	**30 June 2023**
Number of treasury shares (shares)	83,200	83,200	83,200
Percentage to issued shares	0.16%	0.16%	%0.16
Market value (KD)	14,310	3,798	6,822
Cost (KD)	3,573	3,573	3,573

The Parent Company is committed to retain reserves, share premium and retained earnings equivalent to the cost of treasury shares throughout the year, in which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

9. TRADE AND OTHER PAYABLES

	30 June 2024	31 December 2023 (Audited)	30 June 2023
	KD	KD	KD
Trade payables	62,372	104,244	49,630
Retention payables	2,348	2,078	1,977
Accrued expenses	176,972	216,016	24,232
Dividends payable	428,455	219,375	221,682
KFAS	513	-	-
NLST	3,181	2,322	2,881
Zakat	1,273	929	795
Other payables	138,495	95,788	227,057
	813,609	640,752	528,254

10. OPERATING REVENUES

In the following table, revenue from contracts with customers is disaggregated by type of revenue, primary geographical market and timing of revenue recognition.

	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Type of goods or services				
Sale of goods	607,079	530,759	1,242,819	1,108,543
Rendering of services - plantation projects	403,035	353,219	899,766	849,668
Total revenues from contracts with customers	1,010,114	883,978	2,142,585	1,958,211
Geographical markets				
State of Kuwait	1,010,114	883,978	2,142,585	1,958,211
Timing of revenue recognition				
Goods and services rendered at a point in time	607,079	530,759	1,242,819	1,108,543
Goods and services provided overtime	403,035	353,219	899,766	849,668
	1,010,114	883,978	2,142,585	1,958,211

Contract balances

	30 June 2024	30 June 2023
	KD	KD
Contract assets	65,740	429,108
*Contract liabilities	17,713	69,239

*Contract liabilities amounting to KD 17,713 (31 December 2023: KD 69,207 and 30 June 2023: KD 69,239) represent payments received to provide agricultural project services.

11. BASIC AND DILUTED EARNINGS PER SHARE (FILS)

Basic and diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period (after deducting treasury shares) as follows:

	Three months ended 30 June		Six months ended 30 June	
	2024	**2023**	**2024**	**2023**
Profit for the period (KD)	36,142	36,648	49,537	74,680
Weighted average number of shares outstanding:				
Number of issued shares	52,399,000	52,399,000	52,399,000	52,399,000
Less: weighted average number of treasury shares	(83,200)	(83,200)	(83,200)	(83,200)
Weighted average number of outstanding shares	52,315,800	52,315,800	52,315,800	52,315,800
Basic and diluted earnings per share (fils)	0.69	0.70	0.95	1.43

12. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group conducts its activities through the below main operating segments:

Commercial: Production and sale of nurseries and ornamental plans.
Projects: Gardening and maintenance services.
Investments: Investment in an associate, equity securities, term deposit and short-term deposit.

12. SEGMENT REPORTING (CONTINUED)

The following is an analysis of the Group's revenue and results by operating segments for the year:

	30 June 2024			
	Commercial services	**Projects**	**Investments**	**Total**
	KD	KD	KD	KD
Assets	3,486,550	1,657,260	1,767,750	6,911,560
Liabilities	1,116,208	398,640	-	1,514,848
Revenues	1,433,519	800,972	89,264	2,323,755
Expenses	(1,520,316)	(753,902)	-	(2,274,218)
Segment (loss)/ profit	(86,797)	47,070	89,264	49,537
Other disclosures:				
Cost of inventories recognised as an expense	(885,091)	-	-	(885,091)
Depreciation of property, plant and equipment	(134,265)	(43,396)	-	(177,661)
Amortisation of right of use assets	(29,331)	(2,080)	-	(31,411)
Capital expenditure	(110,649)	(10,466)	-	(121,115)
Share of results of an associate	-	-	32,257	32,257

12. SEGMENT REPORTING (CONTINUED)

	31 December 2023			
	Commercial services	**Projects**	**Investments**	**Total**
	KD	KD	KD	KD
Assets	3,780,611	1,397,773	1,680,655	6,859,039
Liabilities	781,890	518,019	-	1,299,909
Revenues	2,921,462	1,436,710	302,815	4,660,987
Expenses	(3,063,258)	(1,396,481)	-	(4,459,739)
Segment (loss)/profit	(141,796)	40,229	302,815	201,248
Other disclosures:				
Cost of inventories recognised as an expense	(2,054,562)	-	-	(2,054,562)
Depreciation of property, plant and equipment	(224,471)	(50,405)	-	(274,876)
Amortisation of right of use assets	(56,080)	(4,206)	-	(60,286)
Capital expenditure	(293,821)	(312,486)	-	(606,307)
Share of results of an associate	-	-	141,120	141,120

12. SEGMENT REPORTING (CONTINUED)

	30 June 2023			
	Commercial services	**Projects**	**Investments**	**Total**
	KD	KD	KD	KD
Assets	3,860,826	981,886	1,814,138	6,656,850
Liabilities	940,326	283,661	-	1,223,987
Revenues	1,286,089	706,667	150,303	2,143,059
Expenses	(1,393,696)	(552,214)	(122,469)	(2,068,379)
Segment (loss)/ profit	(107,607)	154,453	27,834	74,680
Other disclosures:				
Cost of inventories recognised as an expense	(779,128)	-	-	(779,128)
Depreciation of property, plant and equipment	(109,183)	(5,960)	-	(115,143)
Amortisation of right of use assets	(26,983)	(2,100)	-	(29,083)
Capital expenditure	(226,967)	(17,160)	-	(244,127)
Share of results of an associate	-	-	64,335	64,335

13. FAIR VALUE MEASUREMENT

Details of the fair value measurement levels are as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and 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.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

30 June 2024	**Level 1**	**Level 2**	**Total**
	KD	KD	KD
Biological assets	-	258,347	258,347
Financial assets at fair value through profit or loss	9,565	10,594	20,159
	9,565	268,941	278,506

13. FAIR VALUE MEASUREMENT (CONTINUED)

31 December 2023 (Audited)	Level 1	Level 2	Total
	KD	KD	KD
Biological assets	-	241,416	241,416
Financial assets at fair value through profit or loss	9,565	9,459	19,024
	9,565	250,875	260,440

30 June 2023	Level 1	Level 2	Total
	KD	KD	KD
Biological assets	-	295,036	295,036
Financial assets at fair value through profit or loss	9,565	15,096	24,661
	9,565	310,132	319,697

There were no transfers among the fair value measurement levels during the period ended 30 June 2024.

14. ANNUAL GENERAL ASSEMBLY MEETING AND BOARD OF DIRECTORS' PROPOSAL

The Board of Directors in their meeting held on 28 March 2024 proposed the following:

- Extinguishment of accumulated losses using reserves by taking the necessary measures and approvals required from regulatory authorities.
- Distributing dividends for the financial year ended 31 December 2023 at the rate of 4 fils per share after amortization of accumulated losses and obtaining the necessary approvals from the regulatory authorities.

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 5 June 2024 approved the extinguishment of accumulated losses by:

- Utilizing part of the statuary reserve amounting to KD 992,568.
- Utilizing the full amount of the voluntary reserve amounting to KD 429,242.
- Transferring the full amount of the issuance premium amounting to KD 225,000 on 31 December 2023 to the retained earnings account.
- Distributing cash dividends for the year ending on 31 December 2023 to shareholders registered in the parent company's records on the maturity date, i.e. (4 July 2024), at the rate of 4 fils per share. Dividends were paid to shareholders registered in the parent company's records on 10 July 2024.

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 30 August 2023 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2022.
- Not to distribute dividends for the financial year ended 31 December 2022.
- Approval of the penalties and violations report, that were imposed on the Group by the Capital Markets Authority during the financial year ended 31 December 2022.

15. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative information in the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of profit or loss has been reclassified to conform to the current period presentation. This reclassification did not affect the previously disclosed profit for the period, the interim condensed consolidated statement of equity, or the opening balances for the previous comparison period, and therefore a third statement of the interim condensed consolidated financial position was not presented. Details of the reclassifications are shown below:

15. RECLASSIFICATION OF COMPARATIVE FIGURES (CONTINUED)

30 June 2023	As previously stated	Effect of reclassification	After Reclassification
	KD	KD	KD
Condensed consolidated statement of financial position			
Contract assets	-	429,108	429,108
Trade and other receivables	1,417,546	(172,500)	1,245,046
Prepayments and other receivables	256,608	(256,608)	-
Interim condensed consolidated statement of profit or loss			
Gain on sale of property, plant and equipment	-	1,700	1,700
Finance costs	-	(2,754)	(2,754)
Change in fair value of biological assets	-	32,845	32,845
Write back of provision for obsolete and slow moving inventories	-	49,255	49,255
Write back of provision for expected credit losses for contract assets	-	770	770
Provision for expected credit losses on contract assets	-	(626)	(626)
Provision for expected credit losses on trade and other receivables	-	(56,805)	(56,805)
Selling and marketing expenses	(541,481)	541,481	-
Selling and distribution expenses	-	(541,481)	(541,481)
administrative expenses	(409,759)	409,759	-
General and administrative expenses	-	(407,005)	(407,005)
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	-	(24,201)	(24,201)
Other revenues	38,881	(2,938)	35,943