

**BALADNA Q.P.S.C.**  
**AL KHOR, QATAR**

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**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE PERIOD FROM 2 DECEMBER 2019  
(ESTABLISHMENT DATE) TO 31 MARCH 2020**



**MOORE**

مورسٲٲفنز وشرکاه - محاسبون قانونيون  
Moore Stephens and Partners  
Certified Public Accountants

An Independent Member Firm of Moore Global Network Limited

# **BALADNA Q.P.S.C.**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE PERIOD FROM 2 DECEMBER 2019 ("ESTABLISHMENT DATE") TO 31 MARCH 2020**

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Shareholders**  
**Baladna Q.P.S.C.**  
**Al Khor, State of Qatar**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statement of Baladna Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 March 2020, comprising of the interim consolidated statement of financial position as at 31 March 2020 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the period from 2 December 2019 (the "Establishment Date") to 31 March 2020 and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 the interim condensed consolidated financial statements 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 to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

### *Emphasis of Matter*

We draw attention to Note 20 of the interim condensed consolidated financial statements, which indicates the potential effect of COVID 19 pandemic is positive and limited on the Group's operations, interim financial positions, interim financial performance, and related uncertainties. Our conclusion is not modified in respect of this matter.

**Fathi Abu Farah**  
**Partner**  
**Moore Stephens and Partners**  
**License No. 294**  
**QFMA Auditor License No. 120189**



**27 April 2020**  
**Doha, State of Qatar**

**BALADNA Q.P.S.C.****INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020**

		For the period from Establishment Date to 31 March 2020 QR
	Note	
Revenue	4	236,826,438
Cost of revenue	5	(173,000,653)
<b>Gross profit</b>		<b>63,825,785</b>
Other income		60,625,735
Selling and distribution expenses	6	(26,411,059)
General and administrative expenses	7	(49,768,775)
<b>Operating profit for the period</b>		<b>48,271,686</b>
Finance costs and bank charges		(8,615,236)
<b>Profit for the period</b>		<b>39,656,450</b>
Other comprehensive income		—
<b>Total comprehensive income for the period</b>		<b>39,656,450</b>
<b>Basic and diluted earnings per share</b> ( <i>Expressed in QR per share</i> )	15	<b>0.063</b>

The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.

**BALADNA Q.P.S.C.****INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	<i>Note</i>	31 March 2020 QR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	8	2,647,634,478
Right-of-use assets		77,189,449
Intangible assets		4,493,659
Biological assets	9	177,487,957
<b>Total non-current assets</b>		<b>2,906,805,543</b>
<b>Current assets</b>		
Inventories		214,985,482
Due from related parties		17,611,305
Trade and other receivables	10	294,611,839
Cash and bank balances	11	61,767,054
<b>Total current assets</b>		<b>588,975,680</b>
<b>TOTAL ASSETS</b>		<b>3,495,781,223</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	12	1,901,000,000
Legal reserve		500,000
Acquisition reserve	13	201,123,011
Retained earnings		70,002,376
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,172,625,387</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities		66,736,435
Borrowings	14	1,021,327,526
Employees' end of service benefits		5,682,484
<b>Total non-current liabilities</b>		<b>1,093,746,445</b>
<b>Current liabilities</b>		
Lease liabilities		11,645,744
Due to related parties		7,941,873
Trade and other payables		186,269,238
Borrowings	14	8,006,996
Bank overdrafts	11	15,545,540
<b>Total current liabilities</b>		<b>229,409,391</b>
<b>TOTAL LIABILITIES</b>		<b>1,323,155,836</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,495,781,223</b>

The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on 27 April 2020 and signed on their behalf by:

  
Mr. Ramez Mhd Ruslan Al Khayat  
Managing Director

  
Mr. Malcolm Jordan  
Chief Executive Officer

  
Mr. Saifullah Khan  
Chief Financial Officer

**BALADNA Q.P.S.C.**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020**

	Share capital QR	Legal reserve QR	Founders' current account QR	Acquisition reserve QR	Retained earnings QR	Total QR
As at Establishment Date	-	500,000	675,373,011	-	39,578,354	715,451,365
IPO and listing expenses	-	-	-	-	(9,232,428)	(9,232,428)
Capital contribution ( <i>Note 12</i> )	1,901,000,000	-	-	-	-	1,901,000,000
Profit for the period	-	-	-	-	39,656,450	39,656,450
Net movement on Founders' current account ( <i>Note 13</i> )	-	-	(675,373,011)	-	-	(675,373,011)
Net movement on acquisition reserve ( <i>Note 13</i> )	-	-	-	201,123,011	-	201,123,011
<b>As at 31 March 2020</b>	<b>1,901,000,000</b>	<b>500,000</b>	<b>-</b>	<b>201,123,011</b>	<b>70,002,376</b>	<b>2,172,625,387</b>

The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.



**BALADNA Q.P.S.C.****INTERIM CONSOLIDATED CASH FLOWS****FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020**

	<i>Note</i>	For the period from Establishment Date to 31 March 2020 QR
<b>OPERATING ACTIVITIES</b>		
Profit for the period		39,656,450
Adjustments for:		
Depreciation on property, plant and equipment	8	39,510,081
Depreciation of right-of-use assets		10,447,947
Amortization of intangible asset		363,431
Provision for employees' end of service benefits		1,240,785
Reversal of provision of slow moving inventories		(620,441)
Loss on disposal of property, plant and equipment		1,451
Gain arising from change in fair value of biological assets	9	(9,385,433)
Cost of slaughtered animals disposed and transfer	9	3,930,946
Loss from death of livestock	9	1,500,867
Interest on lease liabilities		2,151,100
Finance cost		7,195,781
Operating cash flow before movement in working capital		95,992,965
Changes in:		
Inventories		(9,617,610)
Due from related parties		3,789,522
Trade and other receivables		94,061,381
Due to related parties		2,881,114
Trade and other payables		75,710,244
<b>Cash generated from operating activities</b>		<b>262,817,616</b>
Employees' end of service benefit paid		(662,376)
Finance costs paid		(4,609,532)
<b>Net cash from operating activities</b>		<b>257,545,708</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	8	(75,915,083)
Proceeds from disposal of property, plant and equipment		20,381
Purchase of intangible assets		(267,561)
Net movement on biological assets		(6,621,355)
<b>Net cash used in investing activities</b>		<b>(82,783,618)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from Initial Public Offering (IPO)		1,425,750,000
Net movement in borrowings		(1,473,158,583)
Repayment of right-of-use assets		(13,409,844)
Net movement in restricted cash		5,850,156
<b>Net cash used in financing activities</b>		<b>(54,968,271)</b>
Net increase in cash and cash equivalents		119,793,819
Cash and cash equivalents at Establishment Date		(74,500,551)
<b>Cash and cash equivalents at the end of the period</b>	<i>11</i>	<b>45,293,268</b>

The attached notes from 1 to 20 are an integral part of these interim condensed consolidated financial statements.

# BALADNA Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020

### 1. Corporate information

Baladna Q.P.S.C. (the “Company”) was established in the State of Qatar under commercial registration number 140310, as Qatari Public Shareholding Company. The Company finalized legal documentation for the process of establishment and issuance of the Commercial registration on 2 December 2019 (the “Establishment Date”), pursuant to the provisions of Qatar Commercial Companies Law. The Company’s registered office is at P.O Box 3382, Um Alhawaya Farm, State of Qatar.

On 11 April, 2019, the founders of the Company received the ministerial decision from the Minister of Commerce and Industry to establish the Company pursuant to the provisions of Qatar Commercial Companies Law.

On 14 October, 2019, Ministry of Justice attested the articles of association for the Company.

The process of initial public offering (IPO) was started on 27 October 2019 and closed on 7 November 2019.

On 26 November 2019, the constitutive general assembly was held to announce of establishing the Company.

On 2 December 2019, the Company completed the process of acquiring 100% issued share capital of Baladna food industries W.L.L.

On 4 December, 2019, the Company obtained an approval from Qatar Financial Market Authority (QFMA) on listing the Company’s share on Qatar Exchange.

These interim condensed consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (collectively, the “Group”), as follows:

Subsidiary Name	Country of incorporation	Type of interest	Percentage of effective control
Baladna Food Industries W.L.L. ( <i>Note i</i> )	Qatar	Subsidiary	100%
Baladna Food Trading W.L.L. ( <i>Note ii</i> )	Qatar	Subsidiary	100%
Baladna Business and Trading LLC ( <i>Note iii</i> )	Oman	Subsidiary	100%

#### Notes:

- (i) Baladna Food Industries W.L.L. is a limited liability company established under Commercial Registration No. 64756 and is owned 100% by the Company. The principal activity is production and sales of milk, juice, slaughter of animal and sale of meats.
- (ii) Baladna Food Trading W.L.L. is a limited liability company established under Commercial Registration No. 133592 and is owned 100% by Baladna Food Industries W.L.L. The principal activity is trading in the food materials.
- (iii) Baladna Business and Trading LLC is a limited liability company established under Commercial Registration No.1343623 and is owned 99% by Baladna Food Industries W.L.L. and 1% by Baladna Food Trading W.L.L. The principal activities are as follow:
- Retail sale in specialized stores of dairy products, eggs, olive and pickles;
  - Activities of export and import offices; and
  - Wholesale of soft drinks, juices and mineral water.

The principal activities of the Group are agricultural activities of production and sales of milk, juice, slaughter of animal and sale of meats.

### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

#### 2.1 Revised standards:

Effective for annual periods beginning on or after 1 January 2020

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
- Amendments to references to conceptual framework in IFRS standards

#### 2.2 New and revised standards and interpretations but not yet effective:

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17: Insurance Contracts
- Classification of liabilities as current or non-current - Amendments to IAS 1



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020****3. Basis of preparation and significant accounting policies****3.1 Statement of compliance**

These interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS 34) "*Interim Financial Reporting*" and in conformity with the applicable provisions of Qatar Commercial Companies Law.

These interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, results for the period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial period ending 31 December 2020.

The interim condensed consolidated financial statements have been prepared in Qatari Riyals (QR), which is the Group's functional and presentation currency and all financial information has been rounded off to the nearest QR, unless otherwise indicated.

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are in accordance with IFRS.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are in accordance with IFRS, taking into consideration certain new and revised standards and interpretations, that became effective in the current period, which have introduced certain changes. Some of these changes are changes in terminology only, and some are substantive but have had no material effect on the reported results or financial position of the Group.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intragroup transactions are eliminated on consolidation.

**3.2 Basis of measurement**

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for biological assets which have been measured at fair value.

**4. Revenue**

The following sets out the disaggregation of the Group's revenue from contracts with customers:

*a) Type of goods or services*

	<b>For the period from Establishment Date to 31 March 2020 QR</b>
Dairy sales	216,545,486
Juice sales	11,249,464
Livestock sales	4,723,161
Compost sales	2,537,903
Plastic sales	1,666,866
Feed sales	103,558
	<b>236,826,438</b>

*b) Timing of satisfaction of performance obligation*

Goods transferred at point in time	<b>236,826,438</b>
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**BALADNA Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020****5. Cost of revenue**

For the period from  
Establishment Date to  
31 March 2020  
QR

Cost of dairy milk and packaging material	138,296,220
Cost of feeds	56,763,461
Depreciation of property, plant and equipment ( <i>Note 8</i> )	37,077,637
Direct wages	17,736,585
Utilities	7,280,453
Cost of livestock ( <i>Note 9</i> )	6,943,345
Product disposal	5,741,974
Production related indirect expenses	5,084,680
Repair and maintenance	4,908,782
Cost of disposed slaughtered animals ( <i>Note 9</i> )	3,516,425
Cost of medicine	2,951,640
Loss from death of livestock ( <i>Note 9</i> )	1,500,867
Cost of slaughtered animals ( <i>Note 9</i> )	414,521
Cost of feeds sold	92,214
Amortization of intangibles	22,525
Other direct costs	569,030
	<b>288,900,359</b>
Less:	
Net fair value gain on biological assets	(9,385,433)
Net fair value gain on milk produced	(106,514,273)
	<b>173,000,653</b>

**6. Selling and distribution expenses**

For the period from  
Establishment Date to  
31 March 2020  
QR

Staff cost	14,311,281
Advertising and promotion	5,691,961
Management fees ( <i>Note i</i> )	3,395,930
Depreciation of property, plant and equipment ( <i>Note 8</i> )	1,664,578
Water, electricity and fuel	878,338
Insurance	113,635
Communication	69,234
Amortization of intangibles	47,860
Transportation	22,971
Others	215,271
	<b>26,411,059</b>

**Note i:**

This amount represents management fees paid to a third party under revised terms of contract whereby it will cease to act as sole distributor and will continue to provide support.

**7. General and administrative expenses**

For the period from  
Establishment Date to  
31 March 2020  
QR

Professional charges	20,443,458
Depreciation of right-of-use assets	10,447,947
Staff cost	7,437,577
Insurance	2,959,669
Communication	2,910,164
Depreciation of property, plant and equipment ( <i>Note 8</i> )	767,866
Rent and maintenance	302,218
Amortization of intangible assets	293,046
Governmental fee	80,022
Stationery and printing	31,355
Others	4,095,453
	<b>49,768,775</b>

# BALADNA Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020

### 8. Property, plant and equipment

31 March 2020	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
<b>Cost:</b>							
As at Establishment Date	55,200,100	1,709,611,423	651,103,416	53,614,214	32,704,518	256,254,931	2,758,488,602
Additions during the period	–	2,340,000	10,031,283	255,877	1,941,732	61,346,191	75,915,083
Transfers during the period	–	–	79,954,492	405,500	2,908,197	(83,268,189)	–
Disposals during the period	–	(15,319)	–	(33,431)	(141,391)	–	(190,141)
Transfer to intangible assets during the period	–	–	–	–	–	(1,693,221)	(1,693,221)
<b>As at 31 March 2020</b>	<b>55,200,100</b>	<b>1,711,936,104</b>	<b>741,089,191</b>	<b>54,242,160</b>	<b>37,413,056</b>	<b>232,639,712</b>	<b>2,832,520,323</b>
<b>Accumulated depreciation:</b>							
As at Establishment Date	–	82,712,973	42,171,327	11,412,390	9,247,383	–	145,544,073
Charge for the period	–	20,093,337	14,148,140	1,914,608	3,353,996	–	39,510,081
Related to disposals during the period	–	(10,443)	(33,250)	(182)	(124,434)	–	(168,309)
<b>As at 31 March 2020</b>	<b>–</b>	<b>102,795,867</b>	<b>56,286,217</b>	<b>13,326,816</b>	<b>12,476,945</b>	<b>–</b>	<b>184,885,845</b>
<b>Net book value</b>							
<b>As at 31 March 2020</b>	<b>55,200,100</b>	<b>1,609,140,237</b>	<b>684,802,974</b>	<b>40,915,344</b>	<b>24,936,111</b>	<b>232,639,712</b>	<b>2,647,634,478</b>

#### Notes:

- (a) Capital work-in-progress represents expenses incurred by the Group in respect of construction of farm and factories on their land.
- (b) Building and structures, machineries, equipment and all other assets are mortgaged with a local bank against borrowings (refer to Note 14).
- (c) Capital work in progress includes building of cows' farm in Um Al Hawaya, constructed by a related party for the expansion of the Group operations. Transfers from capital work in progress during the period represent the barns and machineries capitalized upon completion of necessary construction and installation work. These constructions are funded mainly from loan proceeds from a local bank.

Additions to the capital work in progress during the period included the following transactions with related parties:

Related party	Nature of transaction	For the period from Establishment Date to 31 March 2020 QR
Urbacon Trading and Contracting W.L.L.	Construction work	25,306,789
Rediant Engineering Enterprises W.L.L.	Supply and installation of utilities	515,650
Credo Trading Company W.L.L.	Supply and installation of IT equipment	116,463

**BALADNA Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020****8. Property, plant and equipment (Continued)**

Depreciation expenses charged for the period from Establishment Date to 31 March 2020 are allocated as follows:

	For the period from Establishment Date to 31 March 2020 QR
Cost of revenue ( <i>Note 5</i> )	37,077,637
Selling and distribution expenses ( <i>Note 6</i> )	1,664,578
General and administrative expenses ( <i>Note 7</i> )	767,866
	<b>39,510,081</b>

**9. Biological Assets**

The Group's livestock balance primarily comprises of cows which are used in the production of milk and meat. The Group's biological assets stock comprises both immature and mature livestock.

Immature livestock comprise of calves that are intended to be reared to mature. These calves are held to produce milk, but have not started to produce milk. The fair value of the immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and landed cost of a heifer.

Mature livestock includes cows, which have begun milk production. The fair value of the matured cows is determined by reference to the latest landed cost over heifer adjusted to reflect the decline in productivity through the lactation cycles and the meat price at the point of slaughter.

The value of livestock as follows:

	31 March 2020 QR
<b>As at Establishment Date</b>	<b>166,912,982</b>
Purchases	13,564,700
Gain arising from change in fair value of biological assets	9,385,433
Cost of sale of livestock ( <i>Note 5</i> )	(6,943,345)
Cost of disposed slaughtered animals ( <i>Note 5</i> )	(3,516,425)
Transferred to slaughtered animals' inventory ( <i>Note 5</i> )	(414,521)
Loss from death of livestock ( <i>Note 5</i> )	(1,500,867)
<b>As at 31 March 2020</b>	<b>177,487,957</b>
 Mature Livestock	 122,491,857
Immature Livestock	54,996,100
	<b>177,487,957</b>

The quantity of livestock owned by the Group is as follows:

Mature Livestock	11,293
Immature Livestock	9,553
	<b>20,846</b>

**BALADNA Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020****10. Trade and other receivables**

	31 March 2020 QR
Trade receivables	90,500,465
Less: Impairment loss allowance	(966,279)
	89,534,186
Advance to suppliers	136,153,475
Government support	35,928,807
Prepaid expenses	31,892,496
Deferred interest	959,912
Staff receivables	142,963
	294,611,839

**11. Cash and cash equivalents**

	31 March 2020 QR
Cash on hand	334,032
Bank balances	15,942,285
Short term deposit	45,490,737
Cash and bank balances	61,767,054
Less: Restricted bank balances (Note i)	(928,246)
	60,838,808
Bank overdraft	(15,545,540)
Cash and cash equivalents	45,293,268

**Note i:**

Restricted bank balances represent amounts pertaining to Loans against Trust Receipt (LTR), a facility utilized by the Group to retire Letter of Credit (LC) related to feed imports.

**12. Share capital**

	31 March 2020
	No of shares      Amount QR
Authorised, issued and paid-up ordinary and special shares QR 1 per each share	1,901,000,000      1,901,000,000

The Group's authorized, issued and paid-up share capital amounting to QR 1,901,000,000 is divided into 1,900,999,999 ordinary shares and one special share, the nominal value is QR 1 of each share.

The structure of the share capital upon completion of initial public offering (IPO) process was as follows:

Description	Percentage	Number of shares	Amount QR
In-Kind shares subscribed by the Company's Founders (Note 13)	25%	475,250,000	475,250,000
Cash shares subscribed by strategic investors	23%	437,230,000	437,230,000
Cash shares subscribed by Initial Public Offering (IPO)	52%	988,520,000	988,520,000
	100%	1,901,000,000	1,901,000,000

**13. Acquisition reserve**

This balance represents the issuance of shares to the Founders against the transferring of ownership in capital of Baladna Food Industries W.L.L and settling of their current account as follows:

Description	Amount QR
Founders' current account as at Establishment Date	675,373,011
Adjustment of the share capital of Baladna Food Industries W.L.L.	1,000,000
Issuance of in-kind shares subscribed by the Founders (Note 12)	(475,250,000)
Acquisition reserve	201,123,011



**BALADNA Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020****14. Borrowings**

	31 March 2020 QR
Loan 1 ( <i>Note i</i> )	1,021,327,526
Loan 2 ( <i>Note ii</i> )	8,006,996
	<b>1,029,334,522</b>
Current portion	8,006,996
Non-current portion	1,021,327,526
	<b>1,029,334,522</b>

**Notes:**

- (i) Loan 1 was obtained by the Company's subsidiary (Baladna Food Industries W.L.L.) from a local bank to finance the construction of cows' farm and working capital requirements and has been secured by Power International Holding, a related party, and irrevocable personal guaranteed by certain Founders. The loan imposed a mortgage over the farm (refer to *Note 8*), and carries an interest rate of 5.25% per annum. During the period the loan was partially settled by using the cash injected by the Company to its subsidiary. Further, after the partial settlement, this loan has been restructured as payable in 16 years with a grace period of 18 months carrying interest at the rate of 4%. The latest agreement is superseding the previous documentation, however the term and conditions are confirmed by the bank. The finalization of the latest agreement is under process.
- (ii) Loan 2 includes documentary credit facility obtained from a local bank to finance the purchases of raw materials, livestock and property, plant and equipment. This loan has been secured by Power International Holding, a related party, and irrevocable personal guarantees by certain Founders. The facility carries interest rate of 5% per annum.

**15. Basic and diluted earnings per share**

	For the period from Establishment Date to 31 March 2020
Profit for the period (QR)	39,656,450
Weighted average number of shares outstanding during the period	633,666,667
<b>Basic and diluted earnings per share (QR)</b>	<b>0.063</b>

**16. Segment reporting**

- a) The Group has single significant business operation which is an agricultural activity of production and sales of dairy product in addition to other related products and activities. All other business segments are not significant.
- b) Geographically, the Group has extended its operations in State of Qatar and Sultanate of Oman. The business operations in Sultanate of Oman are not considered to be significant.

**17. Fair value measurements**

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by valuation technique:

- Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2020, the Group held the following non-financial assets measured at fair value:

	31 March 2020 QR	Level 1 QR	Level 2 QR	Level 3 QR
<b>Non-financial assets</b>				
Biological assets	177,487,957	–	177,487,957	–

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



## BALADNA Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 MARCH 2020

#### 18. Acquisition of a subsidiary

During 2019, the Company started the process of acquiring 100% of the share capital of Baladna Food Industries W.L.L. (the "Acquiree"), a company incorporated in State of Qatar and manufacturing and distributing dairy products. Effective from 2 December 2019, the Company is deemed to exercise control over the Acquiree.

The carrying amounts of the identifiable assets and liabilities of the Acquiree at the date of the acquisition were as follow:

	Carrying amount QR
<b>ASSETS</b>	
Cash and bank balances	6,567,001
Restricted bank balance	6,778,402
Trade and other receivables	388,673,220
Due from related parties	21,400,827
Inventories	204,747,431
Intangible assets	2,896,308
Biological assets	166,912,982
Right-of-use assets	21,725,792
Property, plant and equipment	2,612,944,529
<b>Total assets</b>	<b>3,432,646,492</b>
<b>LIABILITIES</b>	
Bank overdraft	81,067,552
Borrowings	2,499,906,856
Trade and other payables	101,326,566
Lease liabilities	23,729,319
Due to related parties	5,060,759
Employees' end of service benefits	5,104,075
<b>Total liabilities</b>	<b>2,716,195,127</b>
<b>Total net assets</b>	<b>716,451,365</b>

#### 19. Contingent liabilities

As at 31 March 2020, the Group has contingent liabilities in respect of various banks' letters of credit and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise are as follows:

	31 March 2020 QR
Guarantees and letters of credit	95,734,514

#### 20. Effect of COVID 19

The pandemic of coronavirus ("COVID-19") has spread across the world rapidly. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The pandemic spread is causing disruption and uncertainties to the economic, operations and business activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

The spread of COVID 19 pandemic may impact the operations of the Group for short-term. The possible short-term impact will not change in management's going concern assessment or business strategy.

Moreover, the operations of the Group are partially concentrated in economies that are relatively dependent on the price of crude oil. The uncertainties caused by COVID-19 and the volatility in crude oil prices required the management of the Group to update its assumptions used for the determination of expected credit losses as at 31 March 2020. Certain changes have been incorporated in the calculation of expected credit losses to reflect the observable current macro-economic factors and future information.

Management believes that the impacts of the above on the expected credit losses of its financial assets are minimal and limited, as those financial assets are related to highly rated banks and operated in the state of Qatar. Management expects the demand for its products will not be impacted and it will be higher in the future periods. In addition to that, and based on the management's assessment, the carrying value of non-financial assets will not be impacted significantly.

The market remains volatile and the recorded balances are sensitive to the market fluctuations. Management of the Group will continuously and closely monitor the economy and the ongoing situation for any downside risks. The Management has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets as at 31 March 2020, and assessed the impacts are very limited with positive indications.