

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2021**

BALADNA Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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BALADNA Q.P.S.C.**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

	<i>Note</i>	For the three month period ended 31 March 2021 (Unaudited) QR	For the period from Establishment Date to 31 March 2020 (Unaudited) QR
Revenue	3	182,301,306	236,903,838
Cost of revenue		(123,583,160)	(173,000,653)
Gross profit		58,718,146	63,903,185
Other income		32,403,835	60,548,335
Selling and distribution expenses		(18,828,126)	(26,411,059)
General and administrative expenses		(19,821,396)	(49,768,775)
Operating profit for the period		52,472,459	48,271,686
Finance costs and bank charges		(8,422,285)	(8,615,236)
Profit before income tax		44,050,174	39,656,450
Income tax expense		(38,832)	—
Profit after tax for the period		44,011,342	39,656,450
Other comprehensive income		—	—
Total comprehensive income for the period		44,011,342	39,656,450
Basic and diluted earnings per share (<i>Expressed in QR per share</i>)	7	0.023	0.023

The attached notes from 1 to 11 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 2021**

	<i>Note</i>	31 March 2021 (Unaudited) QR	31 December 2020 (Audited) QR
ASSETS			
Non-current assets			
Property, plant and equipment		2,747,695,570	2,721,930,160
Right-of-use assets		49,852,100	53,178,382
Intangible assets		5,323,234	3,961,369
Biological assets		188,270,389	185,892,542
Total non-current assets		2,991,141,293	2,964,962,453
Current assets			
Biological assets		605,000	731,201
Inventories		288,271,578	300,745,432
Due from related parties		10,472,491	13,825,107
Trade and other receivables		381,120,741	330,032,693
Cash and bank balances	4	17,254,968	12,374,473
Total current assets		697,724,778	657,708,906
TOTAL ASSETS		3,688,866,071	3,622,671,359
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	1,901,000,000	1,901,000,000
Legal reserve		15,712,903	15,712,903
Acquisition reserve		201,123,011	201,123,011
Retained earnings		167,470,161	123,458,819
TOTAL SHAREHOLDERS' EQUITY		2,285,306,075	2,241,294,733
LIABILITIES			
Non-current liabilities			
Lease liabilities		38,176,514	41,691,683
Borrowings	6	982,327,523	995,327,524
Employees' end of service benefits		8,514,826	7,652,625
Total non-current liabilities		1,029,018,863	1,044,671,832
Current liabilities			
Lease liabilities		13,407,238	12,912,104
Due to related parties		11,146,556	4,766,282
Trade and other payables		211,613,249	185,328,762
Borrowings	6	101,620,069	82,387,267
Bank overdrafts	4	36,754,021	51,310,379
Total current liabilities		374,541,133	336,704,794
TOTAL LIABILITIES		1,403,559,996	1,381,376,626
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,688,866,071	3,622,671,359

The attached notes from 1 to 11 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 2021 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 THREE MONTH PERIOD ENDED 31 MARCH 2021

	Share capital QR	Legal reserve QR	Founders' current account QR	Acquisition reserve QR	Retained earnings QR	Total QR
As at 1 January 2021 (Audited)	1,901,000,000	15,712,903	–	201,123,011	123,458,819	2,241,294,733
Profit for the period	–	–	–	–	44,011,342	44,011,342
As at 31 March 2021 (Unaudited)	1,901,000,000	15,712,903	–	201,123,011	167,470,161	2,285,306,075

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

The attached notes from 1 to 11 are an integral part of these interim condensed consolidated financial statements.

BALADNA Q.P.S.C.**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

	For the three month period ended 31 March 2021 (Unaudited) QR	For the period from Establishment Date to 31 March 2020 (Unaudited) QR
OPERATING ACTIVITIES		
Profit before tax for the period	44,050,174	39,656,450
Adjustments for:		
Depreciation on property, plant and equipment	25,895,684	39,510,081
Depreciation of right-of-use assets	3,326,282	10,447,947
Amortization of intangible asset	384,244	363,431
Provision for employees' end of service benefits	1,049,970	1,240,785
Impairment loss allowance on trade receivables	146,646	—
Reversal of provision of slow moving inventories	—	(620,441)
Loss on disposal of property, plant and equipment	319	1,451
Gain arising from change in fair value of biological assets	(10,707,599)	(9,385,433)
Cost of slaughtered animals disposed and transfer	2,205,078	3,930,946
Loss from death of livestock	1,163,695	1,500,867
Interest on lease liabilities	560,953	2,151,100
Finance cost	8,711,591	7,195,781
Operating cash flow before movement in working capital	76,787,037	95,992,965
Changes in:		
Inventories	12,473,854	(9,617,610)
Due from related parties	3,352,616	3,789,522
Trade and other receivables	(51,234,694)	94,061,381
Due to related parties	6,380,274	2,881,114
Trade and other payables	26,127,218	75,710,244
Cash generated from operating activities	73,886,305	262,817,616
Employees' end of service benefit paid	(187,769)	(662,376)
Finance costs paid	(8,593,154)	(4,609,532)
Interest on lease liabilities paid	(560,953)	—
Net cash generated from operating activities	64,544,429	257,545,708
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53,268,290)	(75,915,083)
Proceeds from disposal of property, plant and equipment	33,450	20,381
Purchase of intangible assets	(172,682)	(267,561)
Net movement in biological assets	5,087,180	(6,621,355)
Net cash used in investing activities	(48,320,342)	(82,783,618)
FINANCING ACTIVITIES		
Net proceeds from Initial Public Offering (IPO)	—	1,425,750,000
Net movement in borrowings	6,232,801	(1,473,158,583)
Repayment of right-of-use assets	(3,020,035)	(13,409,844)
Net movement in restricted cash	—	5,850,156
Net cash generated from / (used in) financing activities	3,212,766	(54,968,271)
Net increase in cash and cash equivalents	19,436,853	119,793,819
Cash and cash equivalents at the beginning of the period	(38,935,906)	(74,500,551)
Cash and cash equivalents at the end of the period	(19,499,053)	45,293,268

The attached notes from 1 to 11 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 THREE MONTH PERIOD ENDED 31 MARCH 2021

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.

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%
Awafi W.L.L. (<i>Note iv</i>)	Qatar	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.
- (iv) Awafi W.L.L. is a limited liability company established under Commercial Registration No. 141419 and is owned 100% by Baladna Q.P.S.C. The Principal activity is trading in the food materials, packaging and dairy products.

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

2. Basis of preparation and significant accounting policies

2.1 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 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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, and are consistent with those used in preparation of Group's annual consolidated financial statements for the year ended 31 December 2020, 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.

2.2 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.

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021****3. Revenue**

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

a) Type of goods or services

	For the three month period ended 31 March 2021 (Unaudited) QR	For the period from Establishment Date to 31 March 2020 (Unaudited) QR
Dairy sales	164,322,805	216,545,486
Juice sales	8,948,464	11,249,464
Livestock sales	5,622,494	4,723,161
Compost and manure sales	1,231,265	2,615,303
Plastic sales	215,409	1,666,866
Feed sales	1,960,869	103,558
	182,301,306	236,903,838

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	182,301,306	236,903,838
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4. Cash and cash equivalents

	31 March 2021 (Unaudited) QR	31 December 2020 (Audited) QR
Cash on hand	340,510	222,972
Bank balances	16,914,458	12,151,501
Cash and bank balances	17,254,968	12,374,473
Bank overdraft	(36,754,021)	(51,310,379)
Cash and cash equivalents	(19,499,053)	(38,935,906)

5. Share capital

	31 March 2021 (Unaudited) QR	31 December 2020 (Audited) 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.

6. Borrowings

	31 March 2021 (Unaudited) QR	31 December 2020 (Audited) QR
Loan 1 (<i>Note i</i>)	1,021,327,524	1,021,327,524
Loan 2 (<i>Note ii</i>)	62,620,068	56,387,267
	1,083,947,592	1,077,714,791
Current portion	101,620,069	82,387,267
Non-current portion	982,327,523	995,327,524
	1,083,947,592	1,077,714,791

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. The loan carries an interest rate of 3% per annum (2020: 3.5% per annum).
- (ii) Loan 2 was obtained from a local bank in order to finance the working capital requirements. The facility carries interest rate of 3% per annum (2020: 3.5% per annum).

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021****7. Basic and diluted earnings per share**

	For the three month period ended 31 March 2021 (Unaudited)	For the period from Establishment Date to 31 March 2020 (Unaudited)
Profit for the period (QR)	44,011,342	39,656,450
Weighted average number of shares outstanding during the period	1,901,000,000	1,759,603,306
Basic and diluted earnings per share (QR)	0.023	0.023

8. 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.

9. Contingent liabilities

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 2021 (Unaudited) QR	31 December 2020 (Audited) QR
Guarantees and letters of credit	70,665,057	67,746,225

10. 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 2021. 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 2021, and assessed the impacts are very limited with positive indications.

11. Comparative information

The Group's first interim condensed consolidated financial statements were issued for the period from Establishment Date to 31 March 2020. Accordingly, same information is disclosed as comparative under interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in shareholders' equity and interim consolidated statement of cash flows for the current three month period ended 31 March 2021.

Comparative figures have been reclassified where necessary to make comparison with current period.