

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

---

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2021**



**MOORE**

مورستيفنز وشركاه - 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 SIX MONTH PERIOD ENDED 30 JUNE 2021**

---

<b>CONTENTS</b>	<b>Page(s)</b>
Independent auditor's review report	1
<b>Interim condensed consolidated financial statements</b>	
Interim condensed consolidated statement of profit or loss and other comprehensive income	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of changes in shareholders' equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 -9

**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 statement of financial position of Baladna Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2021, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the six-month period ended, changes in shareholders' equity and cash flows for the six-month period ended 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".



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

**11 August 2021**  
**Doha, State of Qatar**

**BALADNA Q.P.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

		<b>For the three month period ended</b>		<b>For the six month</b>	For the period from
		<b>30 June</b>	<b>30 June</b>	<b>period ended</b>	Establishment Date to
		<b>2021</b>	<b>2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<i>Note</i>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
Revenue	4	198,333,824	205,032,736	380,635,130	441,936,574
Cost of revenue		(139,618,157)	(142,919,263)	(263,201,317)	(315,919,916)
<b>Gross profit</b>		<b>58,715,667</b>	<b>62,113,473</b>	<b>117,433,813</b>	<b>126,016,658</b>
Other income		31,761,850	37,026,021	64,165,685	97,574,356
Selling and distribution expenses		(19,105,382)	(22,884,555)	(37,933,508)	(49,295,614)
General and administrative expenses		(19,956,185)	(21,902,599)	(39,777,581)	(71,671,374)
<b>Operating profit for the period</b>		<b>51,415,950</b>	<b>54,352,340</b>	<b>103,888,409</b>	<b>102,624,026</b>
Finance costs and bank charges		(9,008,926)	(10,118,233)	(17,431,211)	(18,733,469)
<b>Profit before income tax</b>		<b>42,407,024</b>	<b>44,234,107</b>	<b>86,457,198</b>	<b>83,890,557</b>
Income tax expense		(38,832)	–	(77,664)	–
<b>Profit after tax for the period</b>		<b>42,368,192</b>	<b>44,234,107</b>	<b>86,379,534</b>	<b>83,890,557</b>
Other comprehensive income		–	–	–	–
<b>Total comprehensive income for the period</b>		<b>42,368,192</b>	<b>44,234,107</b>	<b>86,379,534</b>	<b>83,890,557</b>
<b>Basic and diluted earnings per share</b> <i>(Expressed in QR per share)</i>	9	<b>0.022</b>	<b>0.023</b>	<b>0.045</b>	<b>0.046</b>

The attached notes from 1 to 12 are an integral part of these interim condensed consolidated financial statements.

**BALADNA Q.P.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**


	<i>Note</i>	30 June 2021 (Reviewed) QR	31 December 2020 (Audited) QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,770,266,038	2,721,930,160
Right-of-use assets		46,523,798	53,178,382
Intangible assets		5,270,574	3,961,369
Biological assets		194,119,517	185,892,542
<b>Total non-current assets</b>		<b>3,016,179,927</b>	<b>2,964,962,453</b>
<b>Current assets</b>			
Biological assets		368,800	731,201
Inventories		311,757,122	300,745,432
Due from related parties		13,565,211	13,825,107
Trade and other receivables		240,915,202	330,032,693
Cash and bank balances	5	32,390,385	12,374,473
<b>Total current assets</b>		<b>598,996,720</b>	<b>657,708,906</b>
<b>TOTAL ASSETS</b>		<b>3,615,176,647</b>	<b>3,622,671,359</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	6	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		109,085,353	123,458,819
<b>Total shareholders' equity</b>		<b>2,226,921,267</b>	<b>2,241,294,733</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		34,991,606	41,691,683
Islamic financing	7	969,327,524	995,327,524
Employees' end of service benefits		9,232,544	7,652,625
<b>Total non-current liabilities</b>		<b>1,013,551,674</b>	<b>1,044,671,832</b>
<b>Current liabilities</b>			
Lease liabilities		13,412,338	12,912,104
Due to related parties		9,873,476	4,766,282
Trade and other payables		193,274,094	185,328,762
Current portion of Islamic financing	7	52,000,000	26,000,000
Short term borrowings	8	57,247,066	56,387,267
Bank overdrafts	5	48,896,732	51,310,379
<b>Total current liabilities</b>		<b>374,703,706</b>	<b>336,704,794</b>
<b>TOTAL LIABILITIES</b>		<b>1,388,255,380</b>	<b>1,381,376,626</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,615,176,647</b>	<b>3,622,671,359</b>

The attached notes from 1 to 12 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 11 August 2021 and signed on their behalf by:



Mr. Ramez Mhd Ruslan Al Khayat  
Managing Director



Mr. Saifullah Khan  
Chief Financial Officer

**BALADNA Q.P.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

	Share capital QR	Legal reserve QR	Founders' current account QR	Acquisition reserve QR	Retained earnings QR	Total QR
<b>For the six month period ended 30 June 2021</b>						
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	—	—	—	—	86,379,534	86,379,534
Final dividend declared	—	—	—	—	(100,753,000)	(100,753,000)
<b>As at 30 June 2021 (Reviewed)</b>	<b>1,901,000,000</b>	<b>15,712,903</b>	<b>—</b>	<b>201,123,011</b>	<b>109,085,353</b>	<b>2,226,921,267</b>
For the period from establishment date to 30 June 2020						
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	—	—	—	—	83,890,557	83,890,557
Interim dividend declared	—	—	—	—	(40,000,000)	(40,000,000)
Net movement in Founders' current account	—	—	(675,373,011)	—	—	(675,373,011)
Net movement in acquisition reserve	—	—	—	201,123,011	—	201,123,011
<b>As at 30 June 2020 (Reviewed)</b>	<b>1,901,000,000</b>	<b>500,000</b>	<b>—</b>	<b>201,123,011</b>	<b>74,236,483</b>	<b>2,176,859,494</b>

The attached notes from 1 to 12 are an integral part of these interim condensed consolidated financial statements.

**BALADNA Q.P.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

	For the six month period ended 30 June 2021 (Reviewed) QR	For the period from Establishment Date to 30 June 2020 (Reviewed) QR
<b>OPERATING ACTIVITIES</b>		
Profit before tax for the period	86,457,198	83,890,557
Adjustments for:		
Depreciation of property, plant and equipment	53,186,979	60,570,018
Depreciation of right-of-use assets	6,654,584	14,560,971
Amortization of intangible asset	827,051	686,908
Provision for employees' end of service benefits	1,945,101	2,020,126
Impairment/(reversal) loss allowance on trade receivables	112,238	(137,987)
(Gain)/loss on disposal of property, plant and equipment	(4,719)	1,451
Gain arising from change in fair value of biological assets	(24,809,694)	(17,788,870)
Cost of slaughtered animals disposed and transfer	4,515,088	4,866,161
Loss from death of livestock	2,820,161	3,333,229
Interest on lease liabilities	1,090,425	3,001,424
Finance cost	16,340,786	16,967,798
Operating cash flow before movement in working capital	149,135,198	171,971,786
Changes in:		
Inventories	(11,011,690)	(56,740,058)
Due from related parties	263,896	2,934,439
Trade and other receivables	89,018,719	83,109,571
Due to related parties	5,107,194	5,774,261
Trade and other payables	(5,602,779)	69,961,004
<b>Cash generated from operating activities</b>	<b>226,910,538</b>	<b>277,011,003</b>
Employees' end of service benefit paid	(365,182)	(874,264)
Finance costs paid	(16,305,286)	(4,350,855)
Interest on lease liabilities paid	(1,090,425)	(3,001,424)
Income tax paid	(380,431)	-
<b>Net cash generated from operating activities</b>	<b>208,769,214</b>	<b>268,784,460</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(103,223,631)	(99,140,888)
Proceeds from disposal of property, plant and equipment	11,500	20,381
Purchase of intangible assets	(562,829)	(391,026)
Net movement in biological assets	9,609,871	(2,538,297)
<b>Net cash used in investing activities</b>	<b>(94,165,089)</b>	<b>(102,049,830)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from Initial Public Offering (IPO)	-	1,425,750,000
Net movement in borrowings	859,799	(1,469,687,433)
Principal elements of lease payments	(6,199,843)	(14,854,190)
Dividend paid	(86,834,522)	(29,960,510)
Net movement in restricted cash	-	5,832,188
<b>Net cash used in financing activities</b>	<b>(92,174,566)</b>	<b>(82,919,945)</b>
Net increase in cash and cash equivalents	22,429,559	83,814,685
Cash and cash equivalents at the beginning of the period	(38,935,906)	(74,500,551)
<b>Cash and cash equivalents at the end of the period</b>	<b>(16,506,347)</b>	<b>9,314,134</b>

The attached notes from 1 to 12 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 SIX MONTH PERIOD ENDED 30 JUNE 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 follows:
- 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. Statement of compliance and basis of measurement

#### 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 30 June 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.

#### 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 SIX MONTH PERIOD ENDED 30 JUNE 2021

### 3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020 and the notes attached thereto, except for the adoption of certain new and revised standards that became effective in current period as set out below:

#### New and amended standards adopted by the Group

The Group has applied the following new and revised IFRS Standards that have been issued and are effective for annual periods beginning on or after 1 January 2021:

- Amendments to IFRS 9, IFRS 7 and IFRS 16 – Interest rate benchmark Reform Phase 2

The application of these amendments had no impact on the Group's interim condensed consolidated financial statements.

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

Effective for annual periods beginning on or after 1 January 2022:

- Amendments to IAS 37 – Onerous contracts: Cost of fulfilling a contract
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 – Annual improvements 2018-2020 Cycle
- Amendments regarding IAS 16 Property, plant and equipment – Proceeds before intended use
- Amendments to IFRS 3 – Reference to the Conceptual Framework

Effective for annual periods beginning on or after 1 January 2023:

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- IFRS 17 Insurance Contracts
- Amendments to IAS 8 – Definition of Accounting Estimate
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies

Amendments with effective date yet to be set by IASB:

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Asset between an Investor and its Associate or Joint Venture.

### 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 three month period ended</b>		<b>For the six month</b>	For the period from
	<b>30 June</b>	30 June	<b>period ended</b>	Establishment Date to
	<b>2021</b>	2020	<b>30 June 2021</b>	30 June 2020
	<b>(Reviewed)</b>	(Reviewed)	<b>(Reviewed)</b>	(Reviewed)
	<b>QR</b>	QR	<b>QR</b>	QR
Dairy sales	177,216,844	184,657,201	341,539,649	401,202,687
Juice sales	13,196,168	13,603,269	22,144,632	24,852,733
Livestock sales	5,178,063	3,397,352	10,800,557	8,120,513
Compost and manure sales	1,961,850	2,554,125	3,193,115	5,169,428
Plastic sales	569,552	332,581	784,961	1,999,447
Feed sales	211,347	488,208	2,172,216	591,766
	<b>198,333,824</b>	<b>205,032,736</b>	<b>380,635,130</b>	<b>441,936,574</b>

#### b) Timing of satisfaction of performance obligation

Goods transferred at point in time	<b>198,333,824</b>	<b>205,032,736</b>	<b>380,635,130</b>	<b>441,936,574</b>
------------------------------------	--------------------	--------------------	--------------------	--------------------

**BALADNA Q.P.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

<b>5. Cash and cash equivalents</b>	<b>30 June 2021 (Reviewed) QR</b>	<b>31 December 2020 (Audited) QR</b>
Cash on hand	213,677	222,972
Bank balances	32,176,708	12,151,501
Cash and bank balances	32,390,385	12,374,473
Bank overdraft	(48,896,732)	(51,310,379)
<b>Cash and cash equivalents</b>	<b>(16,506,347)</b>	<b>(38,935,906)</b>

<b>6. Share capital</b>	<b>30 June 2021 (Reviewed) QR</b>	<b>31 December 2020 (Audited) QR</b>
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.

<b>7. Islamic financing</b>	<b>30 June 2021 (Reviewed) QR</b>	<b>31 December 2020 (Audited) QR</b>
Islamic financing	1,021,327,524	1,021,327,524
Current portion	52,000,000	26,000,000
Non-current portion	969,327,524	995,327,524
	<b>1,021,327,524</b>	<b>1,021,327,524</b>

This represents Murabaha facility 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 facility carries profit rate of 3% per annum (2020: 3.5% per annum).

<b>8. Short term borrowings</b>	<b>30 June 2021 (Reviewed) QR</b>	<b>31 December 2020 (Audited) QR</b>
Borrowings	57,247,066	56,387,267

This represents document credit facility 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).

<b>9. Basic and diluted earnings per share</b>	<b>For the three month period ended</b>		<b>For the six month</b>	<b>For the period from</b>
	<b>30 June 2021 (Reviewed)</b>	<b>30 June 2020 (Reviewed)</b>	<b>period ended 30 June 2021 (Reviewed)</b>	<b>Establishment Date to 30 June 2020 (Reviewed)</b>
Profit for the period (QR)	42,368,192	44,234,107	86,379,534	83,890,557
Weighted average number of shares outstanding during the period	1,901,000,000	1,901,000,000	1,901,000,000	1,820,297,170
<b>Basic and diluted earnings per share (QR)</b>	<b>0.022</b>	<b>0.023</b>	<b>0.045</b>	<b>0.046</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021****10. 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.

**11. Contingent liabilities**

The Group has contingent liabilities in respect of 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:

	<b>30 June 2021 (Reviewed) QR</b>	31 December 2020 (Audited) QR
Guarantees and letters of credit	<b>70,274,629</b>	67,746,225

**12. 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 30 June 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 30 June 2021, and assessed the impacts are very limited with positive indications.