

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2022**

BALADNA Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

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BALADNA Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	<i>Note</i>	<u>For the three month period ended</u>		<u>For the Nine month period ended</u>	
		<u>30 September</u> <u>2022</u> <u>(Unaudited)</u> <u>QR</u>	<u>30 September</u> <u>2021</u> <u>(Unaudited)</u> <u>QR</u>	<u>30 September</u> <u>2022</u> <u>(Unaudited)</u> <u>QR</u>	<u>30 September</u> <u>2021</u> <u>(Unaudited)</u> <u>QR</u>
Revenue	4	224,675,417	182,032,870	708,639,737	562,668,000
Cost of revenue		(186,553,388)	(149,169,369)	(570,994,808)	(412,370,686)
Gross profit		38,122,029	32,863,501	137,644,929	150,297,314
Other income		28,953,144	31,155,451	87,529,090	95,321,136
Unrealized losses on investment at fair value through profit or loss		(2,025,185)	(305,330)	(12,559,745)	(305,330)
Dividend income		-	-	11,454,216	-
Selling and distribution expenses		(20,640,759)	(20,857,342)	(66,291,265)	(58,790,850)
General and administrative expenses		(20,769,236)	(18,406,995)	(63,515,207)	(58,184,576)
Operating profit for the period		23,639,993	24,449,285	94,262,018	128,337,694
Finance costs and bank charges		(15,518,500)	(8,682,061)	(37,866,223)	(26,113,272)
Profit before income tax		8,121,493	15,767,224	56,395,795	102,224,422
Income tax expense		(102,763)	(250,411)	(780,639)	(328,075)
Profit after tax for the period		8,018,730	15,516,813	55,615,156	101,896,347
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		8,018,730	15,516,813	55,615,156	101,896,347
Basic and diluted earnings per share <i>(Expressed in QR per share)</i>	10	0.004	0.008	0.029	0.054

The attached notes from 1 to 13 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 SEPTEMBER 2022**

	Note	30 September 2022 (Unaudited) QR	31 December 2021 (Audited) QR
ASSETS			
Non-current assets			
Property, plant and equipment		2,980,712,775	2,826,351,896
Right-of-use assets		24,260,849	39,867,189
Intangible assets		4,245,554	5,747,070
Financial investments held at fair value through profit or loss	5	208,816,499	144,060,018
Biological assets		214,817,380	197,722,614
Total non-current assets		3,432,853,057	3,213,748,787
Current assets			
Biological assets		560,000	562,800
Inventories		436,776,735	271,936,438
Due from related parties		30,229,302	15,376,456
Trade and other debit balances		394,142,886	358,464,469
Cash and bank balances	6	58,116,902	52,255,382
Total current assets		919,825,825	698,595,545
TOTAL ASSETS		4,352,678,882	3,912,344,332
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7	1,901,000,000	1,901,000,000
Legal reserve		29,096,491	29,096,491
Acquisition reserve		201,123,011	201,123,011
Retained earnings		94,674,373	139,812,217
Total shareholders' equity		2,225,893,875	2,271,031,719
LIABILITIES			
Non-current liabilities			
Lease liabilities		12,390,030	28,404,404
Islamic financing	8	1,596,612,019	1,193,327,524
Employees' end of service benefits		12,757,713	10,578,832
Total non-current liabilities		1,621,759,762	1,232,310,760
Current liabilities			
Lease liabilities		15,635,209	14,016,925
Due to related parties		3,582,417	14,590,439
Trade and other credit balances		249,627,866	177,030,835
Current portion of Islamic financing	8	57,562,500	78,000,000
Short term borrowings	9	77,793,020	51,321,755
Bank overdrafts	6	100,824,233	74,041,899
Total current liabilities		505,025,245	409,001,853
TOTAL LIABILITIES		2,126,785,007	1,641,312,613
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,352,678,882	3,912,344,332

The attached notes from 1 to 13 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 24 October 2022 and signed on their behalf by:


Mr. Ramez Mhd Kuslan Al Khayat
Managing Director


Mr. Pief Hilarides
Chief Executive Officer


Mr. Saifullah Khan
Chief Financial Officer

BALADNA Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

For the nine month period ended 30 September 2022	Share capital QR	Legal reserve QR	Acquisition reserve QR	Retained earnings QR	Total QR
As at 1 January 2022 (Audited)	1,901,000,000	29,096,491	201,123,011	139,812,217	2,271,031,719
Profit for the period	–	–	–	55,615,156	55,615,156
Final dividend declared	–	–	–	(100,753,000)	(100,753,000)
As at 30 September 2022 (Unaudited)	1,901,000,000	29,096,491	201,123,011	94,674,373	2,225,893,875

For the nine month period ended
30 September 2021

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	–	–	–	101,896,347	101,896,347
Final dividend declared	–	–	–	(100,753,000)	(100,753,000)
As at 30 September 2021 (Unaudited)	1,901,000,000	15,712,903	201,123,011	124,602,166	2,242,438,080

The attached notes from 1 to 13 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	For the nine month period ended 30 September 2022 (Unaudited) QR	For the nine month period ended 30 September 2021 (Unaudited) QR
OPERATING ACTIVITIES		
Profit before tax for the period	56,395,795	102,224,422
Adjustments for:		
Depreciation of property, plant and equipment	90,940,376	81,356,119
Depreciation of right-of-use assets	9,697,118	9,982,892
Amortization of intangible asset	1,506,709	1,270,195
Provision for employees' end of service benefits	2,960,864	2,847,903
Impairment loss allowance on trade receivables	145,138	89,935
Loss/(gain) on disposal of property, plant and equipment	4,164	(25,734)
Unrealized loss on financial asset at fair value through profit or loss	12,559,745	305,330
Dividend income	(11,454,216)	-
Gain arising from change in fair value of biological assets	(48,534,202)	(36,060,799)
Cost of slaughtered animals disposed and transfer	10,863,184	8,349,832
Loss from death of livestock	6,447,015	6,643,636
Interest on lease liabilities	970,642	1,587,763
Finance cost	36,895,581	24,525,509
Operating cash flow before movement in working capital	169,397,913	203,097,003
Changes in:		
Inventories	(164,840,297)	(799,343)
Due from related parties	(14,852,846)	(121,780)
Trade and other debit balances	(29,361,851)	57,234,649
Due to related parties	(11,008,022)	540,129
Trade and other credit balances	64,654,228	(13,475,588)
Cash generated from operating activities	13,989,125	246,475,070
Employees' end of service benefit paid	(781,983)	(790,921)
Finance costs paid	(42,417,004)	(21,694,623)
Interest on lease liabilities paid	(970,642)	(1,587,763)
Income tax paid	(883,122)	(380,431)
Net cash (used in)/generated from operating activities	(31,063,626)	222,021,332
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(241,085,030)	(154,695,084)
Proceeds from disposal of property, plant and equipment	151,345	41,897
Purchase of intangible assets	(5,193)	(699,442)
Acquisition of financial asset at fair value through profit or loss	(77,316,226)	(46,337,388)
Dividend received	5,144,274	-
Net movement in biological assets	14,132,037	12,338,893
Net cash used in investing activities	(298,978,793)	(189,351,124)
FINANCING ACTIVITIES		
Net movement in borrowings	409,318,260	56,376,209
Principal elements of lease payments	(6,785,537)	(6,531,740)
Dividend paid	(93,411,118)	(90,967,877)
Net movement in restricted cash	11,096,374	-
Net cash generated from/(used in) financing activities	320,217,979	(41,123,408)
Net decrease in cash and cash equivalents	(9,824,440)	(8,453,200)
Cash and cash equivalents at the beginning of the period	(52,624,771)	(38,935,906)
Cash and cash equivalents at the end of the period	(62,449,211)	(47,389,106)

The attached notes from 1 to 13 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

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 Alhawayya 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. (Note i)	Qatar	Subsidiary	100%
Baladna Food Trading W.L.L. (Note ii)	Qatar	Subsidiary	100%
Baladna Business and Trading LLC (Note iii)	Oman	Subsidiary	100%
Awafi W.L.L. (Note iv)	Qatar	Subsidiary	100%
Baladna for Trading and Investment W.L.L. (Note v)	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.
- (v) Baladna for Trading and Investment W.L.L. is a limited liability company established under Commercial Registration no 157435 and is owned 100% by Baladna Q.P.S.C. The principal activity is trading feed, investment and management of agricultural projects and investment outside Qatar.

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 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021, 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.

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

2. Statement of compliance and basis of measurement (Continued)

Basis of measurement

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

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 2021, 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 following amendments to existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

Standards / Amendments Issued but not yet Effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2023

4. Revenue

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

a) Type of goods or services

	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
	30 September 2022 (Unaudited) QR	30 September 2021 (Unaudited) QR	30 September 2022 (Unaudited) QR	30 September 2021 (Unaudited) QR
Dairy sales	199,350,290	159,855,900	634,588,289	501,395,549
Juice sales	17,414,290	15,323,209	47,223,155	37,467,841
Livestock sales	5,386,732	4,780,065	19,482,675	15,580,622
Compost and manure sales	1,127,656	1,440,483	2,907,941	4,633,598
Plastic sales	797,480	490,782	2,247,877	1,275,743
Feed sales	598,969	142,431	2,186,100	2,314,647
Others	–	–	3,700	–
	224,675,417	182,032,870	708,639,737	562,668,000

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	224,675,417	182,032,870	708,639,737	562,668,000
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BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

5. Financial investments held at fair value through profit or loss

	30 September 2022		31 December 2021	
	Quoted (Unaudited) QR	Unquoted QR	Quoted (Audited) QR	Unquoted (Audited) QR
Equity investments	208,816,499	-	144,060,018	-
	208,816,499	-	144,060,018	-

As at 30 September 2022, equity investments represent equity shares quoted in Qatar Stock Exchange and Egyptian Exchange.

6. Cash and cash equivalents

	30 September 2022	31 December 2021
	(Unaudited) QR	(Audited) QR
Cash in hand	564,422	377,063
Bank balances	57,552,480	51,878,319
Cash and bank balances	58,116,902	52,255,382
Restricted bank balances	(19,741,880)	(30,838,254)
	38,375,022	21,417,128
Bank overdraft	(100,824,233)	(74,041,899)
Cash and cash equivalents	(62,449,211)	(52,624,771)

7. Share capital

	30 September 2022	31 December 2021
	(Unaudited) QR	(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.

8. Islamic financing

	30 September 2022	31 December 2021
	(Unaudited) QR	(Audited) QR
Islamic financing 1 (Note i)	992,439,669	1,021,327,524
Islamic financing 2 (Note ii)	580,000,000	250,000,000
Islamic financing 3 (Note iii)	81,734,850	-
	1,654,174,519	1,271,327,524
Current portion	57,562,500	78,000,000
Non-current portion	1,596,612,019	1,193,327,524
	1,654,174,519	1,271,327,524

Notes:

- (i) 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 5.00% per annum (2021: 3% per annum).
- (ii) This represents financing facility obtained by the Company's Subsidiary (Baladna Food Industries W.L.L.) from a local bank to support expansion and business development. The facility carries management fee of 5.00% per annum (2021: 3% per annum).
- (iii) This represents financing facility obtained by the Company's Subsidiary (Baladna Food Industries W.L.L.) from a local bank to support expansion and business development. The facility carries profit rate of 4.80% per annum (2021: nil).

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

9. Short term borrowings

	30 September 2022 (Unaudited) QR	31 December 2021 (Audited) QR
Borrowings	77,793,020	51,321,755

This represents document credit facility obtained from a local bank in order to finance the working capital requirements. The facility carries interest rate of 5.00% per annum (2021: 3% per annum).

10. Basic and diluted earnings per share

	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Profit for the period (QR)	8,018,730	15,516,813	55,615,156	101,896,347
Weighted average number of shares outstanding during the period	1,901,000,000	1,901,000,000	1,901,000,000	1,901,000,000
Basic and diluted earnings per share (QR)	0.004	0.008	0.029	0.054

11. Segment reporting

- 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.
- 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.

12. 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:

	30 September 2022 (Unaudited) QR	31 December 2021 (Audited) QR
Guarantees and letters of credit	61,220,947	52,311,928

13. 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 September 2022. 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 September 2022.