

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2022**

BALADNA Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

CONTENTS

Page(s)

Interim condensed consolidated financial statements

Interim consolidated statement of profit or loss and other comprehensive income	1
Interim consolidated statement of financial position	2
Interim consolidated statement of changes in shareholders' equity	3
Interim consolidated statement of cash flows	4
Notes to the interim condensed consolidated financial statements	5 -8

BALADNA Q.P.S.C.**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

	<i>Note</i>	For the three month period ended 31 March 2022 (Unaudited) QR	For the three month period ended 31 March 2021 (Unaudited) QR
Revenue	3	239,295,853	182,301,306
Cost of revenue		(187,916,979)	(123,583,160)
Gross profit		51,378,874	58,718,146
Other income		29,614,064	32,403,835
Selling and distribution expenses		(22,537,983)	(18,828,126)
General and administrative expenses		(21,634,341)	(19,821,396)
Operating profit for the period		36,820,614	52,472,459
Finance costs and bank charges		(10,718,900)	(8,422,285)
Profit before income tax		26,101,714	44,050,174
Income tax expense		(205,488)	(38,832)
Profit after tax for the period		25,896,226	44,011,342
Other comprehensive income		—	—
Total comprehensive income for the period		25,896,226	44,011,342
Basic and diluted earnings per share (<i>Expressed in QR per share</i>)	8	0.014	0.023

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

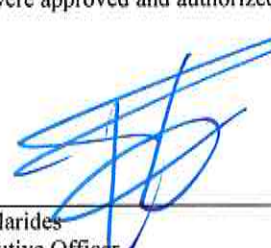
BALADNA Q.P.S.C.**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	<i>Note</i>	31 March 2022 (Unaudited) QR	31 December 2021 (Audited) QR
ASSETS			
Non-current assets			
Property, plant and equipment		2,848,636,570	2,826,351,896
Right-of-use assets		30,669,492	39,867,189
Intangible assets		5,240,710	5,747,070
Financial investments held at fair value through profit or loss		172,279,767	144,060,018
Biological assets		202,718,352	197,722,614
Total non-current assets		3,259,544,891	3,213,748,787
Current assets			
Biological assets		421,600	562,800
Inventories		327,263,664	271,936,438
Due from related parties		16,686,817	15,376,456
Trade and other receivables		327,876,560	358,464,469
Cash and bank balances	4	93,933,344	52,255,382
Total current assets		766,181,985	698,595,545
TOTAL ASSETS		4,025,726,876	3,912,344,332
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	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		165,708,443	139,812,217
TOTAL SHAREHOLDERS' EQUITY		2,296,927,945	2,271,031,719
LIABILITIES			
Non-current liabilities			
Lease liabilities		18,562,333	28,404,404
Islamic financing	6	1,293,327,524	1,193,327,524
Employees' end of service benefits		11,332,617	10,578,832
Total non-current liabilities		1,323,222,474	1,232,310,760
Current liabilities			
Lease liabilities		15,301,951	14,016,925
Due to related parties		5,187,281	14,590,439
Trade and other payables		222,139,580	177,030,835
Current portion of Islamic financing	6	65,000,000	78,000,000
Short term borrowings	7	45,122,556	51,321,755
Bank overdrafts	4	52,825,089	74,041,899
Total current liabilities		405,576,457	409,001,853
TOTAL LIABILITIES		1,728,798,931	1,641,312,613
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,025,726,876	3,912,344,332

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 2022 and signed on their behalf by:


Mr. Ramez Mhd Ruslan Al Khayat
Managing Director


Mr. Piet Hilarides
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 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	-	-	-	25,896,226	25,896,226
As at 31 March 2022 (Unaudited)	1,901,000,000	29,096,491	201,123,011	165,708,443	2,296,927,945

	Share Capital QR	Legal reserve 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

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 2022**

	For the three month period ended 31 March 2022 (Unaudited) QR	For the three month period ended 31 March 2021 (Unaudited) QR
OPERATING ACTIVITIES		
Profit before tax for the period	26,101,714	44,050,174
Adjustments for:		
Depreciation on property, plant and equipment	29,621,908	25,895,684
Depreciation of right-of-use assets	3,288,475	3,326,282
Amortization of intangible asset	506,360	384,244
Provision for employees' end of service benefits	976,477	1,049,970
Impairment loss allowance on trade receivables	145,138	146,646
Loss on disposal of property, plant and equipment	-	319
Fair value gain on financial investments at fair value through profit or loss	(15,132)	-
Gain arising from change in fair value of biological assets	(16,812,048)	(10,707,599)
Cost of slaughtered animals disposed and transfer	2,982,464	2,205,078
Loss from death of livestock	1,582,843	1,163,695
Interest on lease liabilities	399,359	560,953
Finance cost	10,319,541	8,711,591
Operating cash flow before movement in working capital	59,097,099	76,787,037
Changes in:		
Inventories	(55,327,226)	12,473,854
Due from related parties	(1,310,361)	3,352,616
Trade and other receivables	30,442,771	(51,234,694)
Due to related parties	(9,403,158)	6,380,274
Trade and other payables	44,849,635	26,127,218
Cash generated from operating activities	68,348,760	73,886,305
Employees' end of service benefit paid	(222,692)	(187,769)
Finance costs paid	(12,579,544)	(8,593,154)
Interest on lease liabilities paid	(399,359)	(560,953)
Net cash generated from operating activities	55,147,165	64,544,429
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (i)	(51,051,146)	(53,268,290)
Proceeds from disposal of property, plant and equipment	-	33,450
Purchase of intangible assets	-	(172,682)
Acquisition of financial investments at fair value through profit or loss	(28,204,617)	-
Net movement in biological assets	7,392,203	5,087,180
Net cash used in investing activities	(71,863,560)	(48,320,342)
FINANCING ACTIVITIES		
Net movement in borrowings	80,800,801	6,232,801
Repayment of right-of-use assets	(946,492)	(3,020,035)
Net movement in restricted cash	60,352	-
Dividend paid	(243,142)	-
Net cash generated from financing activities	79,671,519	3,212,766
Net increase in cash and cash equivalents	62,955,124	19,436,853
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	10,330,353	(19,499,053)

(i) An amount of QR 855,436 has been excluded from the purchase of property, plant and equipment for the cash flow statement as it represents the finance cost capitalized during the year.

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 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 Alhawayia 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 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.

- (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.

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 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.

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

2. Basis of preparation and significant accounting policies (continued)

2.1 Statement of compliance (continued)

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.

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 2022 (Unaudited) QR	For the three month period ended 31 March 2021 (Unaudited) QR
Dairy sales	215,428,732	164,322,805
Juice sales	13,333,633	8,948,464
Livestock sales	8,167,518	5,622,494
Compost and manure sales	1,106,450	1,231,265
Plastic sales	734,423	215,409
Feed sales	521,397	1,960,869
Other sales	3,700	–
	239,295,853	182,301,306

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	239,295,853	182,301,306
------------------------------------	--------------------	--------------------

4. Cash and cash equivalents

	31 March 2022 (Unaudited) QR	31 December 2021 (Audited) QR
Cash on hand	512,060	377,063
Bank balances	93,421,284	51,878,319
Cash and bank balances	93,933,344	52,255,382
Restricted bank balances	(30,777,902)	(30,838,254)
	63,155,442	21,417,128
Bank overdraft	(52,825,089)	(74,041,899)
Cash and cash equivalents	10,330,353	(52,624,771)

5. Share capital

	31 March 2022 (Unaudited) QR	31 December 2021 (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.

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

6. Islamic financing

	31 March 2022 (Unaudited) QR	31 December 2021 (Audited) QR
Islamic financing 1 (Note i)	1,008,327,524	1,021,327,524
Islamic financing 2 (Note ii)	350,000,000	250,000,000
	<u>1,358,327,524</u>	<u>1,271,327,524</u>
Current portion	65,000,000	78,000,000
Non-current portion	1,293,327,524	1,193,327,524
	<u>1,358,327,524</u>	<u>1,271,327,524</u>

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 3% 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 3% per annum (2021: 3% per annum).

7. Short term borrowings

	31 March 2022 (Unaudited) QR	31 December 2021 (Audited) QR
Borrowings	45,122,556	51,321,755

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

8. Basic and diluted earnings per share

	For the three month period ended 31 March 2022 (Unaudited)	For the three month period ended 31 March 2021 (Unaudited)
Profit for the period (QR)	25,896,226	44,011,342
Weighted average number of shares outstanding during the period	1,901,000,000	1,901,000,000
Basic and diluted earnings per share (QR)	0.014	0.023

9. 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.

10. 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 2022 (Unaudited) QR	31 December 2021 (Audited) QR
Guarantees and letters of credit	80,364,999	52,311,928

11. 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 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 31 March 2022, and assessed the impacts are very limited with positive indications.