

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023**



MOORE

مورسٽيفنز وشركاه - محاسبون قانونيون

Moore Stephens and Partners

Certified Public Accountants

An Independent Member Firm of Moore Global Network Limited

BALADNA Q.P.S.C.**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Baladna Q.P.S.C.** (the "Company"), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2023, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position, consolidated financial performance and its consolidated cash flows for the year ended 31 December 2023 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
Revenue recognition The Group reported revenue of QR 1,056,759,702 from agriculture activities. The Group's sales arrangements are made on the basis of the point of sale, with the provision of return rights for customers in the event that the sold product is expired. We identified revenue recognition as a key audit matter because it is one of the key performance indicators of the Group and given rise to an inherent risk of misstatement to meet expectations or targets. Refer to the following notes of the consolidated financial statements. <ul style="list-style-type: none"> Note 3.2 – Material accounting policies; Note 4 – Critical accounting estimates and judgments; and Note 5 – Revenue 	We tested revenue through a combination of controls testing, data analytics and substantive audit procedures covering, in particular: <ul style="list-style-type: none"> Updating our understanding of the significant revenue processes and identifying the relevant controls (including IT systems, interfaces and reports); Performing automated and manual controls tests and substantive tests, to ascertain accuracy and completeness of revenue; Assessing and testing the Group's revenue accounting policies, including the key judgements and estimate applied by management in consideration of the requirements of IFRS 15; Performing data analysis, and analytical reviews on significant revenue streams; We also assess the overall presentation, structure and content of revenue related disclosures in notes 3.2, 4 and 5 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the key audit matters
<p>Fair valuation of biological assets</p> <p>IAS 41 "Agriculture" requires biological assets to be measured at fair value less costs to sell, unless the fair value cannot be reliably measured. Management has used valuation method developed based on past information, assumptions, market prices of livestock of similar age, pregnancy, lactations and milk production.</p> <p>The calculation of the fair value of biological assets involves a significant degree of judgement, particularly in respect of landed cost, market prices for calves and heifers.</p> <p>Refer to the following notes of the consolidated financial statements.</p> <ul style="list-style-type: none"> • Note 3.2 – Material accounting policies; • Note 4 – Critical accounting estimates and judgments; and • Note 16 – Biological assets. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Understanding management's process for collecting the information to support the key assumptions and inputs adopted in the valuation of biological assets and assessing the information based on our knowledge of the Group and other audit procedures performed. • Assessing the methodologies adopted in the valuation of biological assets with reference to the requirements of the prevailing accounting standards with the consultation from our internal technical team. • Assessing on a sample basis, the input data used in the valuations of biological assets, including breeding costs, milk production volumes and culling rates, based on available historical data. • Evaluating the adequacy of the disclosure in Financial Statements, including disclosures of key assumptions, judgments and sensitivities. <p>We also assess the overall presentation, structure and content of biological assets related disclosures in notes 3.2, 4 and 16 to the consolidated financial statements.</p>
<p>Carrying value of property, plant and equipment</p> <p>The Group's consolidated statement of financial position as of 31 December 2023 includes property, plant and equipment of net book value amounting to QR 3,188,839,696 and it represents 66% of the Group's total assets.</p> <p>Refer to the following notes of the consolidated financial statements.</p> <ul style="list-style-type: none"> • Note 3.2 – Material accounting policies; • Note 4 – Critical accounting estimates and judgments; and • Note 12 – Property, plant and equipment 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating whether the models used by management to calculate the value in progress of subject assets or applicable cash generating units ("CGU") are complied with IAS 36 Impairment of assets. • Evaluating the key controls for recording property, plant and equipment on the database and on fixed assets register. • Evaluating the recognition criteria applied for the capitalized and incurred costs during the financial year against the relevant accounting policies. • Assessing the reasonableness of Group management's assertions and estimates related to the estimated useful lives and residual value. • Evaluating the depreciation methodology used and reasonableness of the underlying assumptions based on our knowledge of these criteria and recalculating the depreciation expense and comparing it with the depreciation expense reported in the consolidated financial statements. <p>We also assess the overall presentation, structure and content of property, plant and equipment related disclosures in notes 3.2, 4 and 12 to the consolidated financial statements.</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

Management is responsible for other information. The other information comprises of Annual report, which is expected to be made available to us after the date of auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, applicable provisions of Qatar Commercial Companies Law and Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report under law and regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

- We are also in the opinion that proper books of account were maintained by the Group, physical inventory verification has been duly carried out and the contents of the directors' report are in agreement with the Group's accompanying consolidated financial statements.
- We obtained all the information and explanations which we considered necessary for the purpose of our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations, were committed during the period which would materially affect the Group's consolidated financial position or its consolidated financial performance.



Fathi Abu Farah
Partner

Moore Stephens and Partners
License No. 294

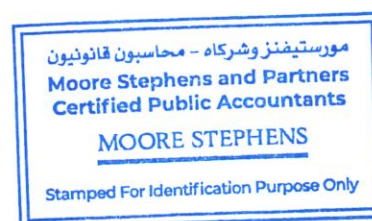
QFMA Auditor's Registration No. 120189

25 February 2024
Doha, State of Qatar

BALADNA Q.P.S.C.**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	2023 QR	2022 QR
Revenue	5	1,056,759,702	985,620,392
Cost of revenue	6	(846,354,708)	(775,718,731)
Gross profit		210,404,994	209,901,661
Other income	7	117,662,204	117,447,276
Gain/(loss) on financial investments held at fair value through profit or loss		30,198,217	(23,248,043)
Dividend income		2,284,393	11,454,216
Selling and distribution expenses	8	(85,289,624)	(87,094,441)
General and administrative expenses	9	(93,811,096)	(86,565,664)
Operating profit for the year		181,449,088	141,895,005
Finance cost and bank charges	10	(71,453,524)	(60,268,731)
Profit before income tax		109,995,564	81,626,274
Income tax expense	11	(606,408)	(1,014,548)
Profit after tax for the year		109,389,156	80,611,726
Other comprehensive income		—	—
Total comprehensive income for the year		109,389,156	80,611,726
Net profit attributable to:			
Equity holders of the parent		109,628,571	80,611,726
Non-controlling interest		(239,415)	—
		109,389,156	80,611,726
Other comprehensive income attributable to:			
Equity holders of the parent		—	—
Non-controlling interest		—	—
		—	—
Basic and diluted earnings per share	29	0.058	0.042
<i>(Expressed in QR per share)</i>			

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.



BALADNA Q.P.S.C.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	<i>Note</i>	2023 QR	2022 QR
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,188,839,696	3,128,084,820
Right-of-use assets	13	121,517,109	21,056,526
Intangible assets	14	7,491,787	6,411,217
Financial investments held at fair value through profit or loss	15	371,841,124	218,124,952
Biological assets	16	196,432,194	219,941,340
Goodwill	17	6,792,635	—
Total non-current assets		3,892,914,545	3,593,618,855
Current assets			
Inventories	18	400,329,395	442,974,185
Trade and other debit balances	19	408,503,392	307,970,755
Biological assets	16	2,278,900	813,800
Due from related parties	30(b)	79,788,891	30,709,498
Cash and bank balances	20	59,711,283	62,367,530
Total current assets		950,611,861	844,835,768
TOTAL ASSETS		4,843,526,406	4,438,454,623
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	21	1,901,000,000	1,901,000,000
Legal reserve	22	48,120,521	37,157,664
Acquisition reserve	23	201,123,011	201,123,011
Retained earnings		205,519,477	109,594,477
Total equity attributable to equity holders of the parent		2,355,763,009	2,248,875,152
Non-controlling interest		2,361,082	—
TOTAL SHAREHOLDERS' EQUITY		2,358,124,091	2,248,875,152
LIABILITIES			
Non-current liabilities			
Islamic financing	24	1,720,822,007	1,634,196,123
Employees' end of service benefits	25	16,001,968	13,589,562
Lease liabilities	26	111,943,670	8,805,361
Total non-current liabilities		1,848,767,645	1,656,591,046
Current liabilities			
Current portion of Islamic financing	24	176,309,615	86,125,000
Short term financing	27	96,904,033	88,206,914
Trade and other credit balances	28	260,563,345	239,693,454
Bank overdrafts	20	87,645,775	99,492,839
Lease liabilities	26	10,119,346	15,186,935
Due to related parties	30(c)	5,092,556	4,283,283
Total current liabilities		636,634,670	532,988,425
TOTAL LIABILITIES		2,485,402,315	2,189,579,471
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,843,526,406	4,438,454,623

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on 25 February 2024.



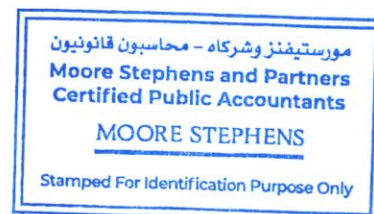
Mr. Ramez Mhd Ruslan Al Khayat
Managing Director



Mr. Malcolm Jordan
Chief Executive Officer



Mr. Saifullah Khan
Chief Financial Officer

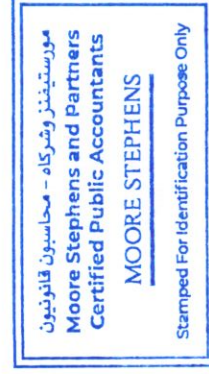



BALADNA Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital QR	Legal reserve QR	Acquisition reserve QR	Retained earnings QR	Total QR	Non-controlling interests QR	Total QR
As at 1 January 2023	1,901,000,000	37,157,664	201,123,011	109,594,477	2,248,875,152	-	2,248,875,152
Acquisition of subsidiary	-	-	-	-	-	2,349,122	2,349,122
Net movement in non-controlling interest	-	-	-	-	-	251,375	251,375
Profit for the year	-	-	-	109,628,571	109,628,571	(239,415)	109,389,156
Transfer to legal reserve (Note 22)	-	10,962,857	-	(10,962,857)	-	-	-
Transfer to social and sport fund (Note 36)	-	-	-	(2,740,714)	(2,740,714)	-	(2,740,714)
As at 31 December 2023	1,901,000,000	48,120,521	201,123,011	205,519,477	2,355,763,009	2,361,082	2,358,124,091
As at 1 January 2022	1,901,000,000	29,096,491	201,123,011	139,812,217	2,271,031,719	-	2,271,031,719
Profit for the year	-	-	-	80,611,726	80,611,726	-	80,611,726
Dividend declared (Note 31)	-	-	-	(100,753,000)	(100,753,000)	-	(100,753,000)
Transfer to legal reserve (Note 22)	-	8,061,173	-	(8,061,173)	-	-	-
Transfer to social and sport fund (Note 36)	-	-	-	(2,015,293)	(2,015,293)	-	(2,015,293)
As at 31 December 2022	1,901,000,000	37,157,664	201,123,011	109,594,477	2,248,875,152	-	2,248,875,152

The attached notes from 1 to 38 are an integral part of these consolidated financial statements.

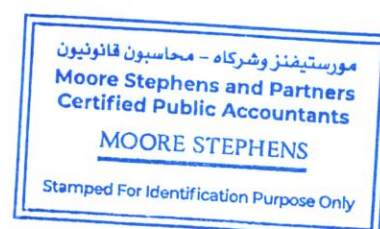


BALADNA Q.P.S.C.**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 QR	2022 QR
OPERATING ACTIVITIES			
Profit before tax for the year		109,995,564	81,626,274
Adjustments for:			
Depreciation of property, plant and equipment	12	127,652,819	125,452,244
Depreciation of right-of-use assets	13	12,817,283	12,901,441
Amortization of intangible assets	14	2,771,323	2,305,776
Provision for employees' end of service benefits	25	4,509,467	4,174,135
Impairment loss allowance on trade receivables	19	816,958	35,862
(Gain)/loss on disposal of property, plant and equipment	7	(57,874)	186,986
(Gain)/loss on financial investments at FVTPL		(30,198,217)	23,248,043
Dividend income		(2,284,393)	(11,454,216)
Gain arising from change in fair value of biological assets	6	(61,496,763)	(68,896,232)
Cost of slaughtered animals transferred and disposed		2,610,895	11,754,934
Loss from death of livestock	6	19,136,416	12,943,460
Finance cost on lease liabilities	26	635,325	1,209,588
Finance cost		70,818,199	59,059,143
Operating cash flow before movement in working capital		257,727,002	254,547,438
Changes in:			
Inventories		45,791,317	(171,037,747)
Due from related parties		(46,849,470)	(15,333,042)
Trade and other debit balances		(71,802,949)	(30,507,170)
Due to related parties		(55,727)	(10,307,156)
Trade and other credit balances		27,048,539	50,039,051
Cash generated from operating activities		211,858,712	77,401,374
Employees' end of service benefit paid	25	(2,204,108)	(1,163,405)
Finance cost paid		(109,376,594)	(65,847,126)
Finance cost on lease liabilities paid		(635,325)	(1,209,588)
Income tax paid		(580,338)	(813,770)
Net cash generated from operating activities		99,062,347	8,367,485
INVESTING ACTIVITIES			
Purchase of property, plant and equipment (i)	12	(163,751,731)	(340,387,904)
Proceeds from disposal of property, plant and equipment		98,271	297,230
Investment in subsidiary		(6,845,721)	—
Purchase of intangible assets	14	(2,019,490)	(1,053,570)
Disposal of investment securities		45,890,827	10,693,314
Acquisition of financial investments at fair value through profit or loss		(169,408,782)	(108,006,291)
Dividend received		2,284,393	9,998,975
Net movement in biological assets		34,793,498	21,728,112
Net cash used in investing activities		(258,958,735)	(406,730,134)
FINANCING ACTIVITIES			
Net movement in financing		185,507,618	485,878,758
Principal elements of lease payments		(15,207,146)	(10,818,480)
Change in non-controlling interest		251,375	—
Dividend paid		(1,464,642)	(92,036,421)
Net movement in restricted cash		14,070,062	11,337,223
Net cash generated from financing activities		183,157,267	394,361,080
Net increase/(decrease) in cash and cash equivalents		23,260,879	(4,001,569)
Cash and cash equivalents at beginning of the year		(56,626,340)	(52,624,771)
Cash and cash equivalents at the end of the year	20	(33,365,461)	(56,626,340)

- (i) An amount of QR 16,892,829 (2022: QR 8,027,611) 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 38 are an integral part of these consolidated financial statements.



BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 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%
Agrocare Development S.R.L. (Note vi)	Romania	Subsidiary	100%
E-Life Detergent Factory W.L.L. (Note vii)	Qatar	Subsidiary	75%

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 animals and sale of meat.
- (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.
- (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.
- (vi) Agrocare Development S.R.L. is a limited liability company established under Commercial Registration No. 593753 and is owned 100% by Baladna for Trading and Investment W.L.L. The principal activity of the Company is growing of cereals (except rice), leguminous Crops and Oil Seeds.
- (vii) E-Life Detergent Factory W.L.L. is a limited liability company established under Commercial Registration no 106993 and is owned 75% by Baladna Food Industries W.L.L. The Company was acquired by the Group in 2023. The principal activities are as follow:
- Manufacturing of liquid and powder detergents;
 - Manufacturing of dishwashing liquids, hand sanitizers, hand washing liquids,
 - Manufacturing of cleaning materials for tiles, porcelain, glass and mirrors; and
 - Manufacturing of other detergent materials, soap and cosmetics.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Adoption of new and revised International Financial Reporting Standards (IFRSs)****2.1 New standards and amendments effective in the period on or after 1 January 2023**

The consolidated financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2023. The Group has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

- *Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*

This amendment requires the Group to recognise deferred tax assets and liabilities gross in relation to their leases which were previously these were recognised net. There is no impact on the amounts disclosed on the consolidated statement of financial position.

- *Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules*

This amendment permits the Group to not recognise deferred tax assets and liabilities related to the Pillar Two tax reforms. Due to the uncertain nature of the tax reforms, the Company cannot quantify the impact that this has had on the amount of Deferred tax assets and liabilities not recognised on the consolidated statement of financial position in the current period. No amounts were recognised in the prior period in relation to the Pillar Two Model Rules, to which this amendment would apply.

- *IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

However, the Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies*

IAS 1 replaces all instances of the term 'significant accounting policies' with 'material accounting policy information, and it clarifies that information is material if, when considered together with other information included in an entity's financial statements, can reasonably influence decisions of primary users of financial statements.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

2.2. New standards and amendments issued but not yet effective for years ending 31 December 2023

The Group has not applied the below new or amended standards and interpretations that have been issued by the IASB but are not yet mandatory for the financial year ended 31 December 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

- *Amendments to IAS 7 & IFRS 7 Supplier Financing Arrangements*

This amendment will have no impact on the amounts recognised in the consolidated financial statements but will require additional disclosures to be provided around the Group's use of supplier financing arrangements. This amendment will be effective for the 2024 consolidated financial Statements.

- *Amendments to IAS 1 – Classification of Liabilities as Current or Non-current & Amendments to IAS 1 – Non-current Liabilities with Covenants*

These amendments together impact the classification of liabilities with covenants and any convertible notes that the Group issues with liability classified conversion features. It may impact the classification of some of the Group's debts and will require additional disclosure about the effect of the covenants on the Group. The Group is still currently assessing the impact of these amendments. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, earlier application is permitted

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)****2.2. New standards and amendments issued but not yet effective for years ending 31 December 2023 (Continued)****- Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback**

IFRS 16 adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, earlier application is permitted.

3 Basis of preparation and material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated

3.1 Basis of preparation**Statement of compliance**

These consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB), applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association, and the applicable provision of the Qatar Commercial Companies Law No. 11 of 2015 and subsequent amendments by Law No. 8 of 2021.

The 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.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial investments held at fair value through profit or loss and biological assets which have been measured at fair value.

When an asset and liability, financial or non-financial, are measured at fair value for recognition or disclosure purposes, are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in relevant notes as summarised in note 4. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company and its subsidiaries. The control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3. Basis of preparation and material accounting policies (Continued)****3.1 Basis of preparation (Continued)****Basis of consolidation (Continued)**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributable to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company.

Change in interests of a subsidiary

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated financial position, separately from parent shareholders' equity. Losses applicable to the minority in excess of the minority's interests are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover losses.

The interest of the minority shareholders in the acquire is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognized

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3. Basis of preparation and material accounting policies (Continued)****3.1 Basis of preparation (Continued)****Basis of consolidation (Continued)**

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated.

Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Operating Segment

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in income statement.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year-end.

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

If subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortized goodwill is recognized in the consolidated income statement.

3.2 Material accounting policies

The principal accounting policies that have been applied consistently by the Group to all periods presented in these consolidated financial statements, are set out below.

Revenue recognition***Revenue from contract with customers***

"Revenue from contract with customer" outlines a single comprehensive model of accounting for revenue arising from contract with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply to revenue arising from contract with customers.

Step 1: Identify the contract(s) with customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate transaction price to the performance obligation in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group is in the business of producing milk from cows for the sale of fresh milk, long life milk, cheese, yoghurt and other dairy products and the slaughter of cows for the sale of meat, production and sale of chilled and long-life juices and production and sale of liquid and powder detergents and other cleaning agents. Revenue from contracts with customers is recognised when goods are delivered to and have been accepted by the customer and are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the products before transferring them to the customer.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Basis of preparation and material accounting policies (Continued)

3.2 Material accounting policies (Continued)

Revenue recognition (Continued)

Sale of dairy, livestock for meat, consumables and detergents

Revenues are generally recognised when the goods are delivered to and have been accepted by the customer. Invoices are generated and revenue is recognised at that point in time. Credit invoices are usually payable within 15 - 60 days. Invoice is generated and recognised as revenue net of applicable discounts which relate to the items sold. No customer loyalty points are offered to customer and therefore there is no deferred revenue to be recognised for the items sold.

Right of return

When a contract provides a customer with a right to return the goods within a specified period, the Group estimate the expected returns using expected value method and recognise revenue net of such right of return.

Volume rebates

Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

There is no other variable consideration attached to the Group's products as the Group does not operate any loyalty program schemes, no significant financing components are embedded in its contract with customer and warranty obligations are not applicable.

Rental income

Rental income from other property is recognised as other income.

Dividend income

Dividends from investments are recognised when the shareholder's right to receive payment has been established.

Government support

The Group receives government support related to the investments made in the field of dairy production in the State of Qatar. Government support is recognized in the consolidated statement of profit or loss and other comprehensive income when there is reasonable assurance that it will be received and the Group will comply with the conditions associated with the support.

Government support is expected to be received in fixed instalments on a systematic basis to match the losses incurred by the Group during the prior years and to match its future depreciation expenses on the dairy manufacturing facilities.

Cost and expense recognition

Expenses are also recognized in the consolidated statement of profit or loss and other comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in the consolidated statement of profit or loss and other comprehensive income on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting years and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Finance cost

Finance cost that is directly attributable to the acquisition, construction, or production of a qualifying asset is included in the cost of that asset until such time as the assets are substantially ready for their intended use or sale. All other finance cost is reported in the statement of profit or loss and other comprehensive income in the period in which it is incurred.

Income tax

Income tax is computed on the net profit adjusted for the tax purposes in accordance with the provisions of Law no. 24 of 2018 concerning Qatari income tax.

Tax expense

Current taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- A business combination.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Basis of preparation and material accounting policies (Continued)

3.2 Material accounting policies (Continued)

Income tax (Continued)

Current taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Where the effect of the assumed conversion of the convertible notes and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and structures	5 - 40 years
Machineries	2 - 25 years
Motor vehicles	5 - 12 years
Furniture and fixtures	3 - 5 years

Buildings and structures includes porta cabins, cow barns, factories and buildings due to which the useful life of the assets has been spread over a period of 5 to 40 years. However, individually, it varies.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The useful lives are reviewed at each financial reporting date. The change in estimated useful life of assets affects depreciation expense for the period in which the change has occurred and for each future period during the assets' remaining useful life.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

Capital work-in-progress will be transferred to the appropriate classification of property, plant and equipment upon its completion. Capital work in progress is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3. Basis of preparation and material accounting policies (Continued)****3.2 Material accounting policies (Continued)****Finance costs capitalization**

Finance cost and other costs that the Group incurs in connection with the finance of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other finance costs as an expense in the period in which it incurs them.

The Group begins capitalizing finance costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:

- i) Incurs expenditures for the asset;
- ii) Incurs finance costs; and
- iii) Undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of finance costs eligible for capitalization as the actual finance costs incurred on that finance during the period less any investment income on the temporary investment of those financing, if any.

The financing costs applicable to the financing of the Group that are outstanding during the period, other than those specific financing mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset. The amount of financing costs that the Group capitalizes during the period is not to exceed the amount of financing costs it incurred during that period.

The Group suspends capitalization of financing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing financing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Leases

The Group leases land and leasehold building for employee accommodation. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices unless it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the finance rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental financing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of finance on the remaining balance of the liability for each period.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Basis of preparation and material accounting policies (Continued)

3.2 Material accounting policies (Continued)

Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's investment in the relevant leases. Income from finance leases is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the relevant leases.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and any change in estimate is accounted for on prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the separate statement of profit or loss and other comprehensive income when the asset is derecognised.

Amortization is charged on intangible assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the reducing balance method on the following bases:

Intangible assets represent the cost trade mark and computer software. Useful life of intangibles ranges from 3 to 10 years and carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset as it represents synergies the Group expects to receive from the acquisition. Goodwill is tested for impairment on an annual basis in respect of the cash generating unit to which the goodwill attaches, as it is not subject to amortisation. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in profit or loss.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where the net fair value of assets acquired exceeds the fair value of consideration transferred (a gain on bargain purchase) such excess is recognised immediately in profit or loss.

3. Basis of preparation and material accounting policies (Continued)**3.2 Material accounting policies (Continued)****Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments - initial recognition and subsequent measurement*Recognition and derecognition of financial instruments*

Financial instruments, other than derivative financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets that are regular way purchased or sold are recognised using the trade date accounting i.e. that is when the Group commits to purchase or sell.

Financial instruments that are not trade receivables are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value.

Trade receivables are recognised at transaction cost if they do not contain a significant financing element (IFRS 15).

Financial assets are derecognised when:

- The contractual rights to cash flows from the financial asset expire, or
- the asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred,

On de-recognition, the Group recognised the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in de-recognition, because the Group retains exposure to risks and rewards to some extent. The Group assesses its extended involvement and recognises a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Financial liabilities (or a part of) are derecognised when, and only when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognised in profit or loss.

If the terms of an existing financial liability (financings) are substantially modified this will be considered to meet the criteria for derecognition of the original liability, and a new financial liability is recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3. Basis of preparation and material accounting policies (Continued)****3.2 Material accounting policies (Continued)****Financial instruments - initial recognition and subsequent measurement (Continued)***Classification and subsequent measurement of financial assets*

Measurement of financial assets depends on the classification, which is determined by the business model for holding the asset and characteristics of its cash flows.

i. Amortised cost

Assets are held for the purpose of obtaining contractual cash flows, which are solely finance cost and principal, such as vanilla debt instruments, financing and receivables including contract assets. Finance cost is calculated using effective return method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.

ii. Fair value through other comprehensive income (FVOCI)

If in addition to above, if the business model also includes selling the assets, then these assets are measured at fair value with changes in FVOCI. finance income is calculated and presented as above. Impairment is included in profit or loss and reduces/ increases the fair value gain/ loss recognised in OCI reserve.

On derecognition, gains and losses are recycled to profit or loss and included in other gains/ losses.

iii. Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria above are measured as FVTPL with changes in fair value presented in other gains/ losses.

For equity investments that the Group considers to be long term strategic investments, the Group has taken the election in IFRS 9 to present the changes in FVOCI. Unlike ii) above however, on sale of investments, the cumulative OCI gain/ loss will be transferred within equity and will not be recycled through profit or loss.

Dividends are recognised as other income when there is a right to receive payment.

Classification and measurement of financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

i. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities, which are measured at amortised cost. Financial liabilities are classified at FVTPL if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised within other gains and losses in the statement of comprehensive income.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

A financial liability may otherwise be designated at FVTPL upon initial recognition if such designation eliminates or reduces significantly a measurement or recognition inconsistency that would otherwise arise; or (b) the financial liability forms part of a group of financial assets, financial liabilities or both, which is managed and its performance evaluated on a fair value basis as a part of the Group's documented risk management and investment strategies; and (c) it forms part of a contract containing one or more embedded derivatives and the entire contract can be so designated in accordance with applicable financial reporting standards.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective return method, with finance expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

The Group derecognises financial liabilities when the obligations of the Group are discharged, cancelled or have expired.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3. Basis of preparation and material accounting policies (Continued)****3.2 Material accounting policies (Continued)****Financial instruments - initial recognition and subsequent measurement (Continued)***Classification and measurement of financial liabilities (Continued)*

ii. Embedded derivatives

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at FVTPL.

However financial liabilities which contain multiple embedded derivatives are not separated and are treated as FVTPL.

Compound financial instruments issued by the Group comprise convertible financing notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective return method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The finance expense on the liability component is calculated by applying the effective return method. This is obtained by calculating the present value of future cash flows at a market rate for a financing without the convertible component. The difference between the effective finance rate and the finance cost paid is added to the carrying amount of the convertible financing note.

Finance cost, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised in equity, net of attributable taxation.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Currently the Group does not offset financial assets and financial liabilities.

Impairment

The following assets have specific characteristics for impairment testing:

Impairment of financial assets

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective finance rate of the financial asset.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Basis of preparation and material accounting policies (Continued)

3.2 Material accounting policies (Continued)

Impairment (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the customer or issuer;
 - a breach of contract such as a default or being more than 360 days past due;
 - the restructuring of a loan in advance by the Group on terms that the Group would not consider otherwise;
 - it is probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to financial assets are presented under net impairment (loss)/reversal on financial assets in the consolidated income statement.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Biological assets

A biological asset is a living animal or plant. Biological assets consist of cows. Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated statement of profit or loss and other comprehensive income.

Where the fair value cannot be measured reliably, in such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition, excluding financing costs. Cost of the inventory is determined by the weighted average cost methods and includes invoiced cost and other expenditures incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade receivables

Trade receivables are amounts due from customers for sale performed in the ordinary course of business. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortised cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in expectation.

Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less that are subject to an insignificant risk of change in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Basis of preparation and material accounting policies (Continued)

3.2 Material accounting policies (Continued)

Shareholders' equity

Share capital represents the total capital per commercial registration which is treated as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Retained earnings include all accumulated profits or losses of the Group less any dividends, legal reserve and social and sports fund.

Dividend

Dividend distributions to the Group's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that are approved after the reporting date of the consolidated financial statements are considered as an event after the reporting date.

Financing

After initial recognition at fair value net of directly attributable transaction costs, Islamic financing, short term financings and bank overdraft are subsequently measured at amortised cost using the effective return rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective return rate method amortisation process.

Employees' end of service benefits

The end of service benefits to its employees is in accordance with Qatar Labor Law. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currency transactions

Transactions in foreign currencies are recorded in Qatari Riyals (QR) at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Segmental reporting

An operating segment is a component of the Group that engages in the business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of Group's other components. The segmental results that are reported to the Group's chief operating decision makers ("CODM") to make decision about the resources to be allocated to segment and to assess its performance.

Financial information on operating segments is presented in note 33 to the consolidated financial statements.

3. Basis of preparation and material accounting policies (Continued)**3.2 Material accounting policies (Continued)****Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Critical accounting estimates and judgements

In preparing the consolidated financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of consolidated financial statements require management to make judgements and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

4 Critical accounting estimates and judgements (Continued)***Satisfaction of performance obligation***

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. For sale of goods through retail outlets, hotels, restaurants and cafeteria's revenue recognized by the Group at a point in time when the goods are sold and control is transferred to customer.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the entity assesses the impact of any variable consideration in the contract, due to discounts, rights of return, the existence of any significant financing component and any con-cash consideration in the contract.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision in the lease terms.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

Classification of investments

Management decides on acquisition of an investment whether to classify it as financial asset at fair value through other comprehensive income or financial asset through profit or loss. The Group classifies investment as financial asset at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss.

4 Critical accounting estimates and judgements (Continued)***Impairment of financial assets***

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade receivables and due from related parties

The Group applies the simplified approach to measuring expected credit losses to its trade s receivables and due from related parties, which uses a provision matrix. The provision rates are based on days past due for groupings of various customer segments that substantially share the same risk characteristics or loss patterns. The provision rates are initially based on the Group's historical observed default rates and adjusted with current conditions and the Group's view of economic conditions over the expected lives of the receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Cash and bank balances

Impairment on cash and bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and restricted grants have low credit risk based on the external credit ratings of the counterparties. While cash and bank balances are also subject to impairment, the identified impairment loss is considered immaterial.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Use of incremental rate of financing

For measuring the lease liability, the Group discounted the lease payments based on its incremental rate of financing i.e. 4%. The definition of incremental financing rate states that the rate should reflect what the Group would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Group has obtained the relevant information from its bankers.

Provision for slow moving inventories

Inventories are held at the lower of cost or net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

Measurement of biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated statement of profit or loss and other comprehensive income. The fair value of immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and to the landed cost of a heifer by reference to the recent purchases of the Group. The fair value of mature cows is determined by reference to landed cost of a heifer by reference to the recent purchases adjusted to reflect the decline in productivity through the lactation cycles, the meat price at the point of slaughter. Where the fair value cannot be measured reliably, in such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****5 Revenue**

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

a) Type of goods or services

	2023 QR	2022 QR
Dairy sales	948,205,915	884,982,822
Juice sales	70,882,284	64,004,325
Livestock sales	22,258,152	27,207,063
Plastic sales	3,279,545	2,917,398
Compost and manure sales	1,818,425	4,057,420
Feed sales	1,287,449	2,447,364
Other sales	11,025	4,000
	1,047,742,795	985,620,392
Detergent sales	9,016,907	—
	1,056,759,702	985,620,392

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	1,056,759,702	985,620,392
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6. Cost of revenue

	2023 QR	2022 QR
Cost of dairy milk and packaging material	279,858,061	242,497,886
Cost of feeds	216,578,734	226,498,682
Depreciation of property, plant and equipment (<i>Note 12</i>)	121,023,262	117,468,905
Direct wages	90,044,618	85,707,619
Rent and maintenance	64,164,037	58,684,557
Cost of sale of livestock	34,793,498	21,728,112
Utilities	28,588,066	24,540,579
Loss from death of livestock	19,136,416	12,943,460
Production related indirect expenses	18,964,582	18,158,253
Cost of medicine	10,970,835	9,442,514
Product disposal and provision for slow moving inventories	10,853,731	6,270,453
Cost of detergent raw material and packaging material	4,547,458	—
Cost of slaughtered animals	2,318,758	10,813,703
Cost of feeds sold	1,294,552	2,042,056
Cost of disposed slaughtered animals	292,137	941,231
Amortization of intangibles (<i>Note 14</i>)	33,264	56,036
Others	4,389,462	6,820,917
	907,851,471	844,614,963
Less:		
Net fair value gain on biological assets (<i>Note 16</i>)	(61,496,763)	(68,896,232)
	846,354,708	775,718,731

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****7. Other income**

	2023 QR	2022 QR
Government support (<i>Note i</i>)	110,079,177	110,883,058
Rental income	2,320,074	2,036,808
Gain/(loss) on disposal of property, plant and equipment	57,874	(186,986)
Miscellaneous income	5,205,079	4,714,396
	117,662,204	117,447,276

Note i:

During the year, the Group's wholly owned subsidiary has recognised a support from the Government amounting to QR 110,079,177. The support is granted to the subsidiary on account of the investment made in the field of dairy manufacturing to ensure the country's food supplies. There are certain conditions that need to be met by the Group in order to be entitled to the government support. As at 31 December 2023, management believes that these conditions have been satisfactorily achieved, accordingly, the support has been recognised.

8. Selling and distribution expenses

	2023 QR	2022 QR
Staff cost	43,619,376	44,787,568
Advertising and promotion expenses	28,748,408	28,559,085
Utilities and maintenance expenses	6,470,070	7,060,159
Depreciation of property, plant and equipment (<i>Note 12</i>)	4,024,037	3,216,782
Provision for expected credit losses (<i>Note 19</i>)	816,958	35,862
Insurance expenses	448,329	567,747
Amortization of intangibles (<i>Note 14</i>)	383,213	289,639
Communication expenses	301,525	294,142
Transportation expenses	55,275	43,697
Government fees	200	1,760
Others	422,233	2,238,000
	85,289,624	87,094,441

9. General and administrative expenses

	2023 QR	2022 QR
Staff cost	29,620,554	24,899,210
Communication expenses	13,454,240	12,368,651
Depreciation of right-of-use assets (<i>Note 13</i>)	12,817,283	12,901,441
Professional charges	12,535,868	8,835,979
Management fees	9,000,000	9,000,000
Insurance expenses	8,462,758	8,398,422
Depreciation of property, plant and equipment (<i>Note 12</i>)	2,605,520	4,766,557
Utilities and maintenance expenses	2,455,356	2,352,831
Amortization of intangible assets (<i>Note 14</i>)	2,354,846	1,960,101
Governmental fees	282,315	192,068
Stationery and printing expenses	222,356	160,404
Board sitting fee	—	730,000
	93,811,096	86,565,664

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****10. Finance cost and bank charges**

	2023 QR	2022 QR
Finance cost and charges on bank financing	64,739,420	55,655,749
Exchange loss	3,330,408	180,100
Finance cost on bank overdrafts	2,748,371	3,123,461
Finance cost on lease liabilities (<i>Note 26</i>)	635,325	1,209,588
Finance cost on financing transactions	–	99,833
	71,453,524	60,268,731

11. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major component of income tax expense in the consolidated statement of profit or loss are:

	2023 QR	2022 QR
Income tax expense reported in the consolidated statement of profit or loss	606,408	1,014,548
Income tax rate	10%	10%

Note 1:

In December 2019, a new Executive Regulations for the tax was introduced in the State of Qatar, replacing the previous executive regulations. The tax exemption provided under Article 4 (paragraph 13) of the New Tax Law in relation to non-Qatari investors' share in profits in listed entities shall not be extended to subsidiaries/associates of listed entities. Accordingly, if a listed entity holds shares in a non-listed entity, the share of profits in the non-listed entity attributable to the listed entity would be subject to tax to the extent of the profit share attributable to non-Qatari shareholders in the listed entity.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. Property, plant and equipment

	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
<i>Cost:</i>							
As at 1 January 2023	55,200,100	1,936,300,541	1,040,071,091	77,407,620	46,499,647	455,753,560	3,611,232,559
Acquisition of subsidiary	–	8,075,000	1,890,995	109,000	53,233	–	10,128,228
Additions during the year	–	4,020,700	5,528,345	1,630,850	1,872,308	167,592,357	180,644,560
Transfers during the year	–	25,811,895	3,364,664	9,345	545,055	(29,730,959)	–
Disposals during the year	–	–	(62,110)	(292,324)	(820,133)	–	(1,174,567)
Transfer to intangible assets during the year (Note 14)	–	–	–	–	(1,241,068)	(833,882)	(2,074,950)
As at 31 December 2023	55,200,100	1,974,208,136	1,050,792,985	78,864,491	46,909,042	592,781,076	3,798,755,830
<i>Accumulated depreciation:</i>							
As at 1 January 2023	–	235,762,520	187,880,356	31,153,809	28,351,054	–	483,147,739
Acquisition of subsidiary	–	230,714	228,563	19,476	13,540	–	492,293
Reclassification	–	10,082	(12,642)	2,560	–	–	–
Charge for the year	–	58,715,957	52,900,884	7,277,517	8,758,461	–	127,652,819
Related to disposals during the year	–	–	(62,104)	(262,135)	(809,931)	–	(1,134,170)
Transfers to intangible assets during the year (Note 14)	–	–	–	–	(242,547)	–	(242,547)
As at 31 December 2023	–	294,719,273	240,935,057	38,191,227	36,070,577	–	609,916,134
<i>Net book value</i>							
As at 31 December 2023	55,200,100	1,679,488,863	809,857,928	40,673,264	10,838,465	592,781,076	3,188,839,696

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. Property, plant and equipment (Continued)

	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
<i>Cost:</i>							
As at 1 January 2022	55,200,100	1,852,509,694	952,058,102	72,152,676	53,326,611	280,389,494	3,265,636,677
Reclassification	—	(6,035,815)	16,336,026	5,117,843	(15,418,054)	—	—
Additions during the year	—	31,546,942	7,143,937	441,951	6,968,888	302,313,797	348,415,515
Transfers during the year	—	58,279,720	65,131,456	—	1,622,202	(125,033,378)	—
Disposals during the year	—	—	(598,430)	(304,850)	—	—	(903,280)
Transfer to intangible assets during the year (Note 14)	—	—	—	—	—	(1,916,353)	(1,916,353)
As at 31 December 2022	55,200,100	1,936,300,541	1,040,071,091	77,407,620	46,499,647	455,753,360	3,611,232,559
<i>Accumulated depreciation:</i>							
As at 1 January 2022	—	176,098,135	130,864,253	23,026,427	28,125,744	—	358,114,559
Reclassification	—	5,456,256	3,443,767	1,007,248	(9,907,271)	—	—
Charge for the year	—	54,208,129	53,905,338	7,206,196	10,132,581	—	125,452,244
Related to disposals during the year	—	—	(333,002)	(86,062)	—	—	(419,064)
As at 31 December 2022	—	235,762,520	187,880,356	31,153,809	28,351,054	—	483,147,739
<i>Net book value</i>							
As at 31 December 2022	55,200,100	1,700,538,021	852,190,735	46,253,811	18,148,593	455,753,360	3,128,084,820

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****12. Property, plant and equipment (Continued)***Notes:*

(a) Capital work-in-progress represents expenses incurred by the Group in respect of construction of farm and factories.

Additions and capital work in progress to the property, plant and equipment during the year included the following transactions with related parties:

Related party	Nature of transactions	2023 QR	2022 QR
Urbakon Trading and Contracting W.L.L.	Construction work	4,822,786	25,985,757
Water Master W.L.L.	Construction work	195,000	–
Elegancia Electro Mechanical Services W.L.L.	Supply and installation of utilities	6,581,707	5,610,213
Joury Tour & Travels W.L.L.	Logistics	2,804,570	951,126
Retaj Baywalk Residence W.L.L.	Accommodation	124,000	56,000

Depreciation expenses charged for the year ended 31 December are allocated as follows:

	2023 QR	2022 QR
Cost of revenue (<i>Note 6</i>)	121,023,262	117,468,905
Selling and distribution expenses (<i>Note 8</i>)	4,024,037	3,216,782
General and administrative expenses (<i>Note 9</i>)	2,605,520	4,766,557
	127,652,819	125,452,244

13. Right-of-use assets

The Group leases land, and leasehold building for employee accommodations. Information about the leases for which the Group is a lessee is presented below:

	2023 QR	2022 QR
<i>Cost:</i>		
As at 1 January	33,593,196	72,627,685
Lease modification during the year (<i>i</i>)	113,277,866	–
Remeasurement	–	(39,034,489)
As at 31 December	146,871,062	33,593,196
<i>Accumulated depreciation:</i>		
As at 1 January	12,536,670	32,760,496
Remeasurement	–	(33,125,267)
Charge for the year (<i>Note 9</i>)	12,817,283	12,901,441
As at 31 December	25,353,953	12,536,670
Net carrying amounts as at 31 December	121,517,109	21,056,526

- (i) During the year, the Group and the respective lessor of the leasehold building have agreed to extend the lease period for ten years with an amended lease consideration, while keeping all other terms unchanged.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****14. Intangible assets**

	2023 QR	2022 QR
<i>Cost:</i>		
As at 1 January	13,111,802	10,141,879
Additions during the year	2,019,490	1,053,570
Transfer from property, plant and equipment (<i>Note 12</i>)	2,074,950	1,916,353
As at 31 December	17,206,242	13,111,802
<i>Accumulated amortization:</i>		
As at 1 January	6,700,585	4,394,809
Charge for the year	2,771,323	2,305,776
Transfer from property, plant and equipment (<i>Note 12</i>)	242,547	—
As at 31 December	9,714,455	6,700,585
Net carrying amounts as at 31 December	7,491,787	6,411,217

Amortization expenses charged for the year ended 31 December are allocated as follows:

	2023 QR	2022 QR
Cost of revenue (<i>Note 6</i>)	33,264	56,036
Selling and distribution expenses (<i>Note 8</i>)	383,213	289,639
General and administrative expenses (<i>Note 9</i>)	2,354,846	1,960,101
	2,771,323	2,305,776

15 Financial investments held at FVTPL

Movement in financial investments:	2023 QR	2022 QR
As at 1 January	218,124,952	144,060,018
Addition during the year	169,408,782	108,006,291
Cost of disposal during the year	(55,921,223)	(12,683,037)
Net change in fair value of financial investments	40,228,613	(21,258,320)
As at 31 December	371,841,124	218,124,952

As at 31 December 2023, equity investments represent equity shares quoted in Qatar Stock Exchange and Egyptian Exchange.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****16. 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:

	2023 QR	2022 QR
As at 1 January	220,755,140	198,285,414
Gain arising from change in the fair value of biological assets (<i>Note 6</i>)	61,496,763	68,896,232
Net movement in livestock	(83,540,809)	(46,426,506)
As at 31 December	198,711,094	220,755,140

The value of livestock as follows:

	2023 QR	2022 QR
Current livestock	2,278,900	813,800
Non-current livestock	196,432,194	219,941,340
As at 31 December	198,711,094	220,755,140

	2023 QR	2022 QR
Mature livestock	118,584,793	139,426,040
Immature livestock	80,126,301	81,329,100
As at 31 December	198,711,094	220,755,140

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

	2023	2022
Mature livestock	10,253	12,861
Immature livestock	12,062	12,155
As at 31 December	22,315	25,016

17. Goodwill

During the year, the Group acquired 75% shareholding in the subsidiary E-Life Detergent Factory W.L.L for purchase consideration of QR 13,840,000. The net asset value of the subsidiary as of the date of acquisition was QR 9,396,487. The Group has therefore, recognised goodwill of QR 6,792,635 on acquisition.

The Group has considered the newly acquired subsidiary as a single cash-generating unit. The recoverable amount of this cash-generating unit has been determined based on value-in-use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by the management.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****18. Inventories**

	2023 QR	2022 QR
Feed inventory	122,760,676	117,680,205
Dairy packaging and raw material inventory	156,653,747	197,593,888
Spare parts	63,567,599	46,359,364
Dairy finished goods inventory	19,327,091	32,421,692
Juice packaging and raw material inventory	12,987,757	22,833,990
Chemical and medicine inventory	11,788,782	5,505,659
Juice finished goods inventory	7,795,237	9,306,566
Plastic inventory	2,405,588	4,365,562
Detergent packaging and raw material inventory	1,094,780	—
Detergent finished goods inventory	796,152	—
Others	10,726,813	10,686,797
	409,904,222	446,753,723
Less: Provision for slow moving inventories	(9,574,827)	(3,779,538)
As at 31 December	400,329,395	442,974,185

Movement in provision for slow moving inventories is recognized in the consolidated statement of financial position as follows:

	2023 QR	2022 QR
As at 1 January	3,779,538	2,759,648
Provision made during the year	5,795,289	1,019,890
As at 31 December	9,574,827	3,779,538

19. Trade and other debit balances

	2023 QR	2022 QR
Trade receivables	115,417,620	112,698,039
Less: Impairment loss allowance	(1,484,636)	(486,678)
	113,932,984	112,211,361
Prepayments, other advances and receivables	127,330,500	35,473,566
Government support (<i>Note 7</i>)	110,079,177	110,883,058
Advance to suppliers	53,532,282	44,631,982
Deferred expenses	3,226,812	4,253,437
Staff receivables	401,637	517,351
As at 31 December	408,503,392	307,970,755

Movement in impairment loss allowance on trade receivables is recognized in the consolidated statement of financial position as follows:

	2023 QR	2022 QR
As at 1 January	486,678	1,040,099
Provided during the year (<i>Note 8</i>)	816,958	35,862
Written off during the year	—	(589,283)
Other adjustments*	181,000	—
As at 31 December	1,484,636	486,678

(a) Unimpaired receivables are considered collectible based on historic experience and no finance cost is charged on the trade receivables.

(b) The other classes within trade and other receivables do not contain impaired assets.

*Other adjustment amounting to QR 181,000 represent off-set against due to a customer.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****20. Cash and cash equivalents**

	2023 QR	2022 QR
Cash on hand	931,201	591,782
Bank balances (<i>Note i</i>)	58,780,082	61,775,748
Cash and bank balances	59,711,283	62,367,530
Restricted bank balances	(5,430,969)	(19,501,031)
	54,280,314	42,866,499
Bank overdraft	(87,645,775)	(99,492,839)
Cash and cash equivalents	(33,365,461)	(56,626,340)

Note i:

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 months ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

21. Share capital

	2023		2022	
	No of shares	Amount QR	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	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.

Special share

The State of Qatar, represented by the Ministry of Commerce and Industry, has allotted one Special Share, and the Special Share will have specific rights to appoint certain Directors, veto particular decisions of the Company, and other rights. The Special Shareholder, as holder of the Special Share, has the rights set out in Article 28 of Baladna's Article of Association.

22. Legal reserve

In accordance with the provision of the Qatar Commercial Law and Group's Article of Association, a minimum amount of 10% of the profit in each year is required to be transferred to legal reserve until the balance in the legal reserve becomes equal to 50% of the Group's paid up share capital. This reserve is not available for distribution, except in circumstances specified in the above mentioned law.

23. 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.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****24. Islamic financing**

	2023 QR	2022 QR
Islamic financing 1 (<i>Note i</i>)	964,827,522	1,008,327,523
Islamic financing 2 (<i>Note ii</i>)	850,000,000	630,000,000
Islamic financing 3 (<i>Note iii</i>)	82,304,100	81,993,600
As at 31 December	1,897,131,622	1,720,321,123

Islamic financing is presented in the consolidated statement of financial position as follows

	2023 QR	2022 QR
Non-current portion	1,720,822,007	1,634,196,123
Current portion	176,309,615	86,125,000
As at 31 December	1,897,131,622	1,720,321,123

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.
- (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.
- (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.

25. Employees' end of service benefits

	2023 QR	2022 QR
As at 1 January	13,589,562	10,578,832
Acquisition of subsidiary	107,047	—
Provision made during the year	4,509,467	4,174,135
Payments made during the year	(2,204,108)	(1,163,405)
As at 31 December	16,001,968	13,589,562

26. Lease liabilities

The Group leases land, and leasehold building for employee accommodations. Information about the leases for which the Group is a lessee is presented below:

	2023 QR	2022 QR
As at 1 January	23,992,296	42,421,329
Lease modification during the year (i)	113,277,866	—
Remeasurement	—	(7,610,553)
Finance cost charged (<i>Note 10</i>)	635,325	1,209,588
Repayments during the year	(15,842,471)	(12,028,068)
As at 31 December	122,063,016	23,992,296

- (i) During the year, the Group and the respective lessor of the leasehold building have agreed to extend the lease period for ten years with an amended lease consideration, while keeping all other terms unchanged.

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****26. Lease liabilities (Continued)**

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2023 QR	2022 QR
Non-current portion	111,943,670	8,805,361
Current portion	10,119,346	15,186,935
As at 31 December	122,063,016	23,992,296

27. Short term financings

	2023 QR	2022 QR
Financings	96,904,033	88,206,914

This represents document credit facility obtained from a local bank in order to finance the working capital requirements. The facility carries finance rate of 5.75 % per annum (2022: 5.75% per annum).

28. Trade and other credit balances

	2023 QR	2022 QR
Trade payables	172,903,354	144,747,184
Accrued expenses	66,071,966	61,176,101
Provision for social and sports fund (<i>Note 36</i>)	2,740,714	2,015,293
Other liabilities	18,847,311	31,754,876
As at 31 December	260,563,345	239,693,454

29. Basic and diluted earnings per share

	2023	2022
Profit attributable to equity holders of the parent (in QR)	109,628,571	80,611,726
Weighted average number of shares outstanding as of the year end	1,901,000,000	1,901,000,000
Basic and diluted earnings per share (in QR)	0.058	0.042

30. Related party disclosures

In the normal course of its business, the Group enters into transactions with the parties who fall under the definition of a related party as per IAS 24 "Related party disclosures". Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances and transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group, affiliates and Board of Directors are disclosed below. The details of the transactions and the balances with such related parties during the year are as follows:

a) Related party transactions

	2023		2022	
	Sales QR	Purchases QR	Sales QR	Purchases QR
Yemek Doha Catering Services W.L.L.	26,079,881	—	23,634,553	—
Aura Hospitality W.L.L.	7,260,670	—	5,724,417	—
Widam Food Company Q.P.S.C.	4,601,282	—	4,736,762	—
Aura Entertainment W.L.L.	1,662,044	600,000	1,204,903	—
Elegancia Group W.L.L.	1,506,094	—	29,878	—
Sazeli Restaurant W.L.L.	186,593	—	812,611	—
QA Aura Resturant W.L.L.	284,147	—	—	—
Orient Pearl Restaurant W.L.L.	165,365	7,200	256,122	8,260
Damasca Restaurant W.L.L.	129,117	—	229,131	—

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****30. Related party disclosures (Continued)****a) Related party transactions (Continued)**

	2023		2022	
	Sales QR	Purchases QR	Sales QR	Purchases QR
Elegancia Landscape W.L.L.	57,395	181,250	1,661,178	681,231
Urbacon Trading and Contracting W.L.L.	38,263	14,164,733	999,969	18,512,949
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	58,650	3,299,533	140,611	1,380
Power International Holding W.L.L.	—	12,638,492	—	15,347,914
Joury Tour & Travels W.L.L.	—	1,267,365	—	3,581,462
Stark Security W.L.L.	—	1,582,701	—	2,145,610
Credo Trading Company W.L.L.	—	533,571	—	1,816,764
Aalaf Qatar W.L.L.	—	—	—	926,570
Printshop for Printing Services W.L.L.	—	303,525	—	236,547
General Pension and Social Security Authority	—	294,787	—	179,967
Arab Builders W.L.L.	—	221,162	—	—
Elegancia Hospitality Services W.L.L.	—	—	—	116,790
Assets Real Estate Development Co. W.L.L.	—	8,243	—	87,896
Elegancia Steel Trading W.L.L.	—	—	—	70,200
Elegancia Facility Management Limited W.L.L.	—	540,000	—	—
Retaj Baywalk Residence W.L.L.	—	60,000	—	—
	42,029,501	35,702,562	39,430,135	43,713,540

b) Due from related parties

	2023 QR	2022 QR
Urbacon Trading and Contracting W.L.L.	44,819,060	3,942,427
Aura Hospitality and Food Services W.L.L.	14,722,334	7,612,751
Yemek Doha Catering Services W.L.L.	8,191,759	9,197,873
Elegancia Landscape W.L.L.	4,751,560	4,868,215
Aura Entertainment W.L.L.	3,309,046	2,164,503
Widam Food Company Q.P.S.C.	1,798,459	1,449,396
Sazeli Restaurant W.L.L.	891,059	704,466
Elegancia Group W.L.L.	749,383	29,878
Damasca Restaurant W.L.L.	271,624	142,506
Printshop for Printing Services W.L.L.	155,475	309,620
QA Aura Restaurant W.L.L.	121,132	—
Retaj Baywalk Residence W.L.L.	8,000	92,000
Orient Pearl Restaurant L.L.C.	—	68,695
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	—	127,168
As at 31 December	79,788,891	30,709,498

c) Due to related parties

	2023 QR	2022 QR
Elegancia Electro Mechanical Services W.L.L.	1,957,475	3,301,774
Essa Ahmed Jabor Ali Abdullah	770,000	—
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	712,055	—
Joury Tour & Travels W.L.L.	596,235	564,327
Power International Holding W.L.L.	440,000	—
Elegancia Hospitality Services W.L.L.	240,001	—
Ghassan Khalid Al Salama	148,525	—
Credo Trading Company W.L.L.	103,971	211,786
Water Master W.L.L.	68,800	—
Elegancia Steel Trading W.L.L.	34,585	167,785
Assets Real Estate Development Co. W.L.L.	9,309	1,066
General Pension and Social Security Authority	5,775	30,720
Others	5,825	5,825
As at 31 December	5,092,556	4,283,283

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****30. Related party disclosures (Continued)****d) Compensation of key management personnel**

	2023	2022
	QR	QR
Salaries and short-term benefits	12,967,625	15,094,987
Employees' end of service benefits	1,364,038	497,718
	14,331,663	15,592,705

31. Dividend

On 20 April 2022, the General Assembly approved the final dividend of QR 100,753,000, equivalent to QR 0.053 per share.

There were no dividends declared during the year ended 31 December 2023.

32. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Capital risk

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established a finance committee which is responsible for developing and monitoring the Group's risk management strategy and policies. The committee reports regularly to the board of directors on its activities. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in the light of the risks faced by the Group.

The Group's financial instruments consists mainly of due from related parties, trade and other debit balances, cash and bank balances, financings, bank overdrafts, trade and other credit balances, lease liabilities and due to related parties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity price and finance rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

Currency risk

The Group manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements. Management believes that there is minimal risk of significant losses since most of the foreign currency rates are constant against Qatari Riyal.

Finance rate risk

The Group is exposed to finance rate risk as it borrows funds at both fixed and floating finance rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate.

For financings, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting finance rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in finance rates.

At 31 December 2023, if finance rates on QR denominated financing had been 25 basis point higher/lower with all other variables held constant, profit for the year would have been QR 5,204,204 (2022: QR 4,770,052) lower/higher, mainly as a result of higher/lower finance expense on financings.

The Group's exposures to finance rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

BALADNA Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

32. Financial risk management (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

Credit risk arises on trade receivables, government support, due from related parties and bank balances.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. Given this, management do not expect these banks to fail on their obligations.

Trade receivables have adopted the same simplified approach and loss allowance is calculated based on lifetime expected credit losses. Contract assets and trade receivables are determined to have the same credit risk exposures as fundamentally based on the same customers.

The Group's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

2023	Note	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			QR	QR	QR
Trade receivables	19	Lifetime ECL	115,417,620	(1,484,636)	113,932,984
Government support	19	Lifetime ECL	110,079,177	—	110,079,177
Due from related parties	30	Lifetime ECL	79,788,891	—	79,788,891
Bank balances	20	12-month ECL	58,780,082	—	58,780,082
			364,065,770	(1,484,636)	362,581,134

2022	Note	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			QR	QR	QR
Trade receivables	19	Lifetime ECL	112,698,039	(486,678)	112,211,361
Government support	19	Lifetime ECL	110,883,058	—	110,883,058
Due from related parties	30	Lifetime ECL	30,709,498	—	30,709,498
Bank balances	20	12-month ECL	61,775,748	—	61,775,748
			316,066,343	(486,678)	315,579,665

Trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December.

2023	Days past due						Total
	Upto 30 days	31 – 60 days	61-90 days	91-120 days	121-365 days	Over 365 days	
	QR	QR	QR	QR	QR	QR	QR
Expected credit loss rate	—	—	—	—	29%	100%	
Gross carrying amount	106,507,754	2,629,693	1,734,075	1,089,509	2,784,227	672,362	115,417,620
Loss allowance	—	—	—	—	(812,274)	(672,362)	(1,484,636)
Net trade receivables	106,507,754	2,629,693	1,734,075	1,089,509	1,971,953	—	113,932,984

2022	Days past due						Total
	Upto 30 days	31 – 60 days	61-90 days	91-120 days	121-365 days	Over 365 days	
	QR	QR	QR	QR	QR	QR	QR
Expected credit loss rate	—	—	—	—	63%	100%	
Gross carrying amount	93,649,407	13,761,502	3,188,390	1,396,990	588,784	112,966	112,698,039
Loss allowance	—	—	—	—	(373,712)	(112,966)	(486,678)
Net trade receivables	93,649,407	13,761,502	3,188,390	1,396,990	215,072	—	112,211,361

BALADNA Q.P.S.C.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****32. Financial risk management (Continued)****Credit risk (Continued)***Due from related parties*

Management believes that there is no credit risk from the due from the related parties, because these counter parties are under the control of the shareholders of the Group. As a result, they did not record any allowance for impairment loss under the ECL for the current year and previous year.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturities of the Group's financial liabilities at 31 December 2023 and 2022:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	QR	QR	QR	QR	QR
2023					
Financings	273,213,648	182,100,000	372,300,000	1,166,422,007	1,994,035,655
Bank overdraft	87,645,775	—	—	—	87,645,775
Trade and other credit balances	260,563,345	—	—	—	260,563,345
Due to related parties	5,092,556	—	—	—	5,092,556
Lease liabilities	10,119,346	9,144,479	29,729,769	73,069,422	122,063,016
	636,634,670	191,244,479	402,029,769	1,239,491,429	2,469,400,347
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	QR	QR	QR	QR	QR
2022					
Financings	174,331,914	133,684,616	346,857,696	1,153,653,811	1,808,528,037
Bank overdraft	99,492,839	—	—	—	99,492,839
Trade and other credit balances	239,693,454	—	—	—	239,693,454
Due to related parties	4,283,283	—	—	—	4,283,283
Lease liabilities	15,186,935	731,110	240,457	7,833,794	23,992,296
	532,988,425	134,415,726	347,098,153	1,161,487,605	2,175,989,909

Capital risk

The Group's objective when managing capital is to ensure its ability to maintain a strong credit rating and healthy capital ratios in order to support its business to provide returns for its shareholders and to provide best returns on capital investment by pricing goods and services commensurately with the level of risk.

The Group sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Group manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or realise assets in order to reduce debt. The Group's equity comprises share capital, legal reserve, retained earnings, acquisition reserve, non-controlling interest and is measured at QR 2,358,124,091 (2022: QR 2,248,875,152).

The Group is not subject to externally-imposed capital requirements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****33. 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.

34. Fair value measurements**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the financial assets held at fair value through profit of loss and biological assets by following valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; 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 December, the Group held the following financial and non-financial assets measured at fair value:

	2023 QR	Level 1 QR	Level 2 QR	Level 3 QR
<u>Financial assets</u>				
Financial investments held at fair value through profit or loss	371,841,124	371,841,124	—	—
<u>Non-financial assets</u>				
Biological assets	198,711,094	—	198,711,094	—

	2022 QR	Level 1 QR	Level 2 QR	Level 3 QR
<u>Financial assets</u>				
Financial investments held at fair value through profit or loss	218,124,952	218,124,952	—	—
<u>Non-financial assets</u>				
Biological assets	220,755,140	—	220,755,140	—

Biological assets are measured at fair value less cost to sell, based on local and international market prices, whenever available, of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences.

The fair value of immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and to the landed cost of a heifer by reference to the recent purchases of the Group. The fair value of mature cows is determined by reference to latest landed cost of a heifer by reference to the recent purchases adjusted to reflect the decline in productivity through the lactation cycles, the meat price at the point of slaughter.

During the year ended to 31 December 2023, 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 on biological assets. There were no movements within Level 3 fair value measurements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

35. Commitments and contingencies

As at 31 December 2023, 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:

	2023 QR	2022 QR
Guarantees and letters of credit	46,069,045	54,799,196

36. Social and sports fund

In accordance with Law No. 13 of 2008, the Group is required to provide a provision for the support of sports, social, cultural, and charitable activities with an amount equivalent to 2.5% of the annual net profit. This social and sports contribution is considered as an appropriation of retained earnings of the Group and presented in the consolidated statement of changes in shareholders equity.

37. Subsequent events

There were no significant events after the reporting date, which have a bearing on these consolidated financial statements.

38. Comparative figure

Certain comparative amounts in the Group's consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the current year's presentation. This reclassification does not impact on net assets or equity.