ACCELERATING GROWTH.
SECURING OUR FUTURE.

ANNUAL REPORT 2020

In the Name of Allah Most Gracious Most Merciful.

His Highness

Sheikh Hamad bin Khalifa Al Thani

The Father Emir

His Highness
Sheikh Tamim bin Hamad Al Thani
Emir of the State of Qatar

Accelerating growth.
Securing our future.

As the leading dairy and beverages producer in Qatar, Baladna is committed to ensuring a dependable supply of products for our customers, while also delivering the economic resilience and food security required to safeguard our nation's future.

During a year of unprecedented growth, we have continued to drive innovation and diversification to fulfil the needs of our consumers and respond to their evolving demands, rapidly expanding our marketing channels and product lines while increasing market share across key segments of our business.

This dynamism is matched by our ability to transform our organisation by adhering to stringent best practices and driving operational efficiency across all areas of our business, whilst continuously enhancing our governance, risk management and sustainability as a responsible corporate citizen.

As we lay the foundations for further growth and geographic expansion, we remain committed to improving the future for all our stakeholders – from our shareholders, employees and customers to the government and people of Qatar.

Our Purpose

To ensure healthy, natural food and beverages that delight our customers and contribute to the food security of Qatar.

Who we are

Established in 2014, Baladna is Qatar's leading dairy and beverage company, with a diversified product offering, world-class facilities and a self-sufficient farm with breeding capabilities to accelerate future growth.

What we do

Baladna is an integrated dairy and beverage company, with two large-scale farms, state-of-the-art production lines, processing and packaging facilities, and its own distribution network that delivers over 200 fresh dairy products to customers across Qatar and beyond every day.

Our vision, mission and principles

Our vision

To be the most trusted brand of nutritional foods and healthy beverages in Qatar and to expand to new markets.

Our mission

To ensure consumers' wellness by providing natural, nutritious and tasty foods and beverages, while maintaining the most rigorous food safety and biosecurity protocols.

Our Principles

At Baladna we strongly adhere to the following principles:

- Supporting food security: Ensuring the satisfaction of our customers and exceeding their expectations.
- Raising the level of veterinary care: Utilising the expertise of the best veterinarians to promote the healthcare of our cattle.
- Caring for our livestock: Co-operating with experts in livestock breeding and production.
- Natural and fresh products: Providing high-quality food products by implementing best international practices.
- Adherence to Qatari traditional values: Showing pride in our achievements, hospitality and adhering to tradition, self-reliance and responsibility.

A key priority for Baladna is to contribute to the country's vision for food security by providing nutritious food to a growing population.

The considerable progress we have attained to-date, across all areas, is a result of the combined efforts of the entire Baladna family including our steadfast leadership, experienced management and dedicated employees, all of whom have been inspired by the trust placed in Baladna by our customers and shareholders.

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141.6 MILLION LITRES

The productivity of our farms continued to increase throughout the year, with 141.6 million litres of milk produced in 2020, representing an increase of 20.0% over 2019.

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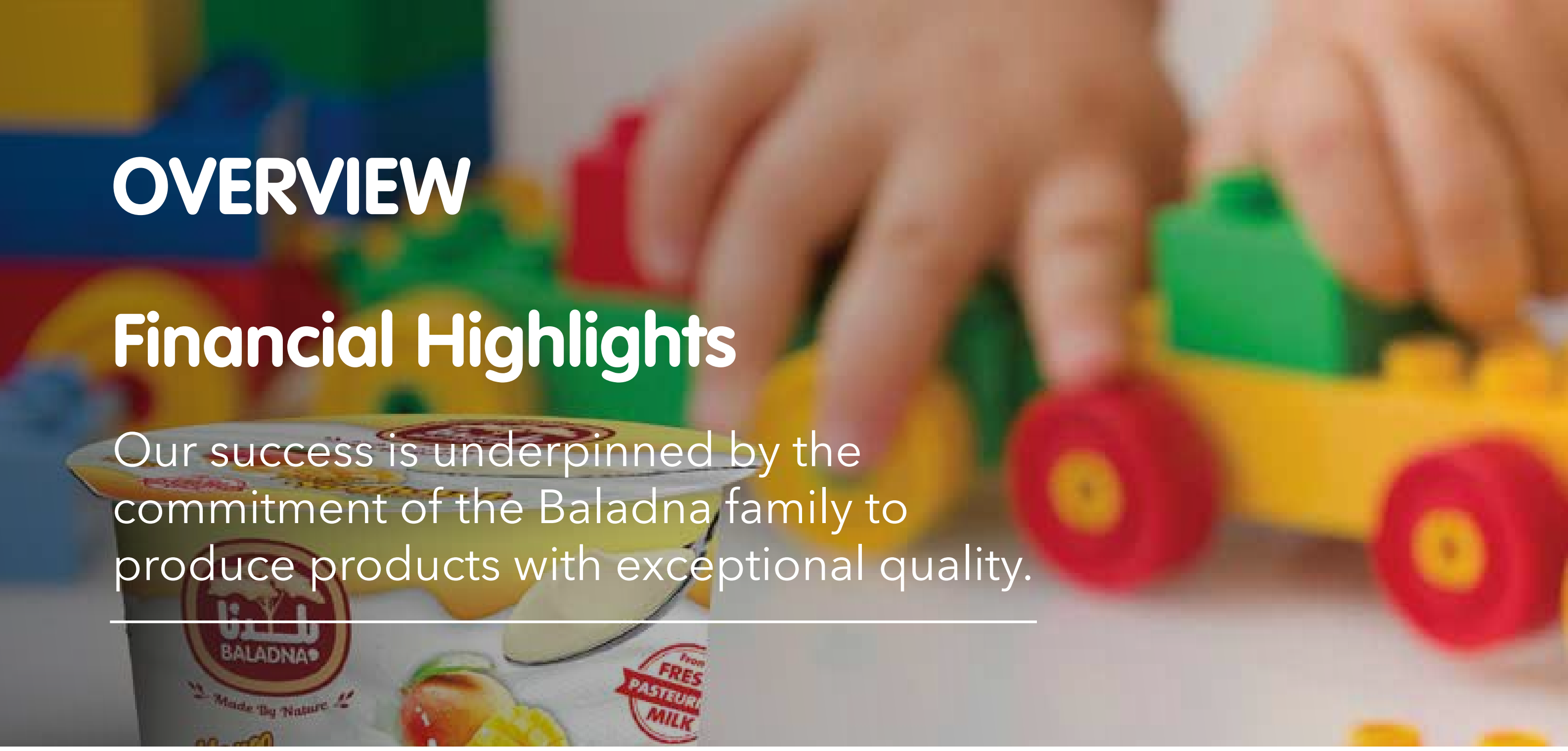


OVERVIEW

Financial Highlights

Our success is underpinned by the commitment of the Baladna family to produce products with exceptional quality.

REVENUE
(QR million)

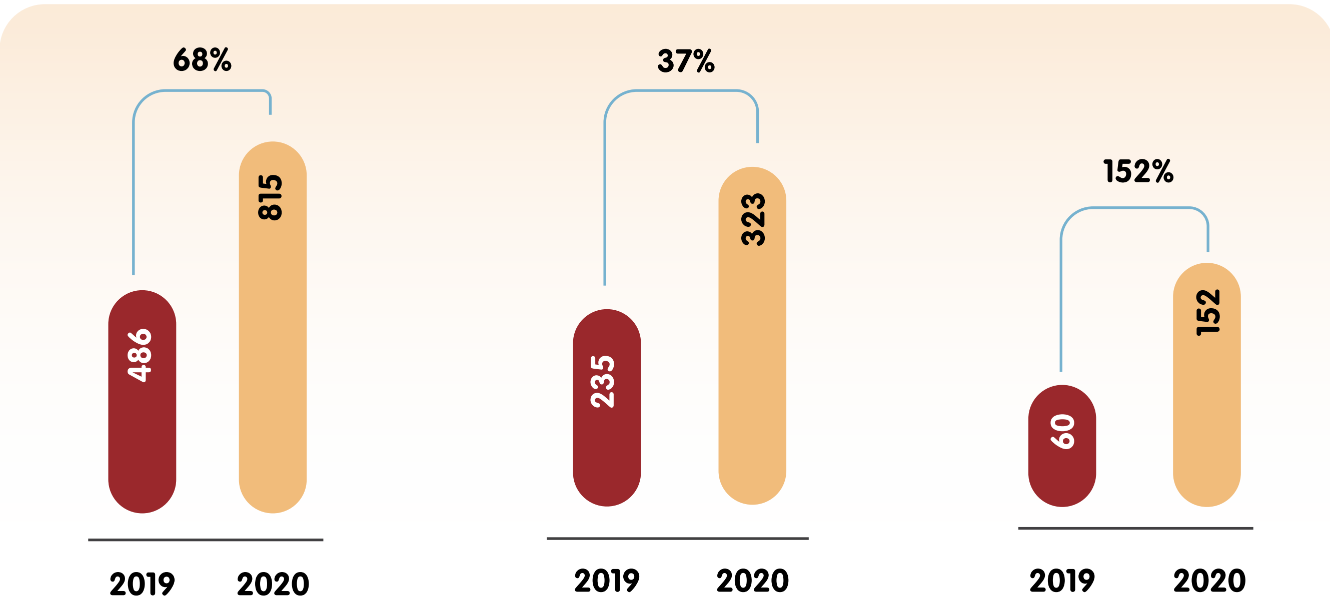
Revenue generation continues as Baladna maintains solid market share positions, realising a growth of 68% year-on-year.

EBITDA
(QR million)

Strong EBITDA margin growth of 37% year-on-year a result of Baladna's efficient operations despite having the extraordinary cost of current circumstances.

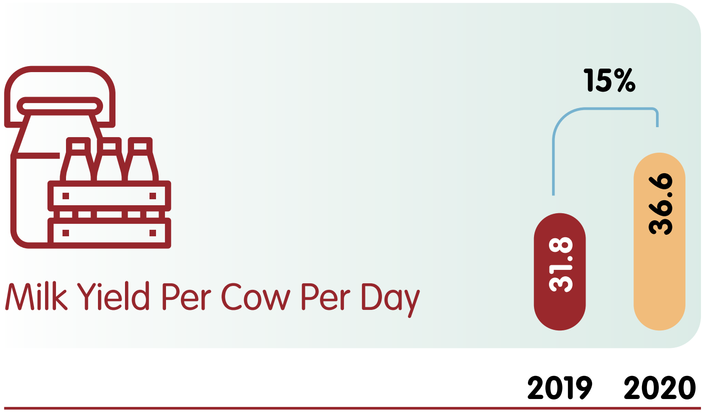
NET PROFIT
(QR million)

Continuous net profits reflecting Baladna's resilience during COVID-19, achieved 152% year-on year-growth.



Operating Highlights

Optimising total herd size for existing operations and production levels



Herd management efficiencies have improved average daily milk yield and costs per liter

- Portfolio efficiency provides platform for profitable growth
- The rationalization program continues to review the product portfolio to maximise returns

- Focused on enhancing quality of existing client relationships and attracting new customers
- More focus on HORECA customers going forward

Our Journey to the IPO

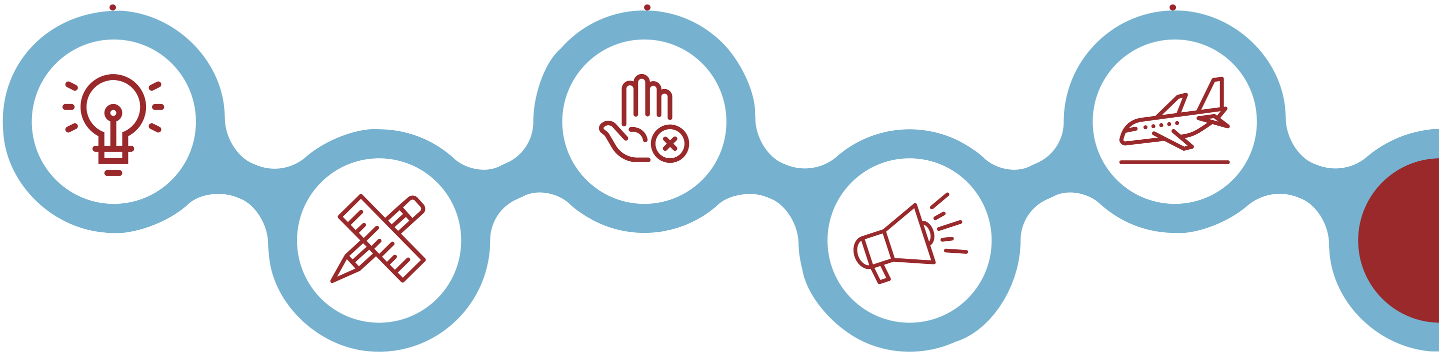
16 March 2014
Established Sheep & Goat Farm

January 2017
Cow Project Design

5 June 2017
Blockade started

Mid June 2017
Project announced on Bloomberg
Baladna plans to airlift 4,000 milking cows

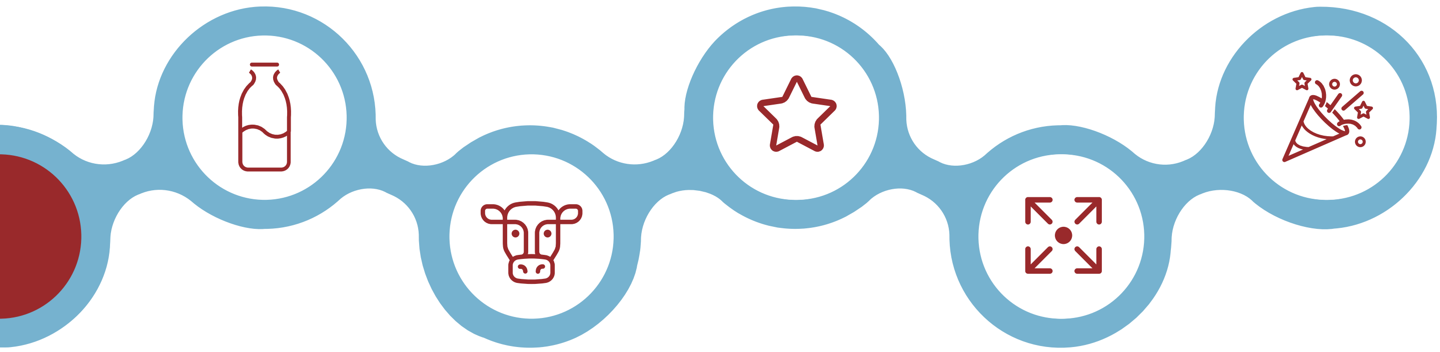
July 2017
First shipment arrived



11 July 2017
First cow milked

December 2017
Phase 1 Completion
Housed 4,000 milking cows with rotary milking parlor

11 December 2019
Publicly listed on Qatar Stock Exchange



October 2017
Completed airlift
4,000 milking cows arrived at Baladna farm

February 2018
Further expansion
(Dairy, Juice & plastic factories)

MANAGEMENT REVIEW


بلدنا
BALADNA
Made By Nature
100% Fresh
Milk
FULL FAT
FRESH
PASTEURIZED
MILK
1 liter

Chairman's Statement

"In a year of turbulence and upheaval stemming from the global pandemic, Baladna has stood firm as a key pillar of Qatar's independence and self-sufficiency, delivering on the goals of National Vision 2030 and supporting the imperative of ensuring our food security in the face of continuing uncertainty."

Moutaz Al Khayyat
Chairman

Baladna has remained highly resilient in facing the negative fallout of the COVID-19 pandemic, accelerating our growth over the course of 2020 to achieve significant top- and bottom-line increases and secure our future as Qatar's most successful greenfield dairy farm.

Following on from our successful IPO last year, we have delivered on our promise to shareholders, realising a 67.6% increase in revenue and a net profit margin of 18.7% in 2020, outperforming the QE Index with a share price increase of 79% and announcing our first interim dividend (of QR 0.021 per share) in April. We also joined the MSCI Emerging Markets Small Cap Index in May and the QE Index, QE Al Rayyan Islamic, All Share and Sector Indices in October.

As of end-2020, Baladna maintains an extremely strong asset base; this is primarily funded by equity, which is also strong, as evidenced by our net debt-to-total-capital employed ratio of 34.5%.

We are almost entirely self-sufficient in our operations, serving the Qatari market in the absence of exposure to long supply and distribution chains, which significantly reduces our vulnerability to external shocks. Whilst expanding our production capacity and safeguarding our growth trajectory, we have also prioritised measures to ensure the safety of our animals, employees and customers, as well as the environment in which we operate.

To this end, we have secured significant progress in the areas of governance, risk management and sustainability, laying the foundations for future growth and geographic expansion in a manner that is both responsible and beneficial to the people, society and natural spaces around us.

We continue to focus on achieving best practices in corporate governance, business integrity and professionalism under a framework that is aligned with Baladna's strategic objectives and reflects regulatory guidelines, including those of Qatar Financial Markets Authority (QFMA). Our governance structure also includes a strong ethical code of conduct and a matrix of boards and committees with individual charters to maximise the efficiency of their actions and ensure clear lines of accountability.

Our focus on avoiding, managing and mitigating risks has served us well during this volatile and challenging year. Our Enterprise Risk Management methodology is regularly reviewed and updated in order to ensure the business avoids and minimises the impact of any potential risks to the Company or its ability to execute its strategy and operate its business. We also developed a major incident and crisis management protocol, which would come into effect should any abnormal or unstable event threaten the Company's strategic objectives, reputation or ongoing viability. As such, we are in a stronger position than ever to combat potential risks that may hinder us from reaching our potential as a growing and thriving leader in our sector.

We are proud to have embarked on our sustainability journey this year and are committed to complying with all regulatory requirements and aligning our best practices with the industry as we build out a full sustainability programme during 2021. We will review the issues that are key to our business proposition and important to our stakeholders, and put in place a framework and roadmap that we can build on for years to come as a responsible and sustainable company.

Baladna's increasingly holistic approach to the reuse of treated wastewater represents a key development for our company's sustainable goals in 2020, embodied by our partnership with Veolia Water Technologies – the global leader in optimised resource management. As part of Baladna's partnership with Veolia, we have increased our planned treatment capacity to enable the reuse of treated wastewater for agricultural irrigation purposes.

In closing, I wish to express my thanks to the many people who have worked so hard to deliver Baladna's remarkable achievements. Whilst our recent successes are undoubtedly a result of our strategic approach and preparedness, they would be impossible without the careful diligence of our Board, the astute decision-making of our management, and the passion and commitment of our employees at all levels of the Company. Furthermore, I must express our deepest gratitude for the support and trust provided by our shareholders, without whom Baladna would not be the Company it is today. We remain wholeheartedly committed to rewarding this hard work, commitment and trust with further good performance and returns in the coming year, as we seek to reinforce our position as Qatar's market leader in dairy and beverages, whilst also exploring new markets for growth further afield.

We have delivered on our promise to shareholders, realising a **67.6%** increase in revenue and a net profit margin of **18.7%** in 2020

CEO's Review

I am pleased to present the first annual report for Baladna QPSC. Our strong operational performance, continued commercial success and financial results achieved in the financial year 2020, reflect the dedication of the entire Baladna team and the support of the Baladna Board of Directors to serve our customers and further enhance shareholder value.

Resilient business and continued product innovation & development

Reflecting on the resilience of our people and processes, I am proud to report that in facing the COVID-19 challenges Baladna successfully continued to service customers and consumers with uninterrupted supply. Robust processes ensured business continuity whilst protecting our employees, customers, consumers and other stakeholders. Despite the challenges

> "2020 was a year of significant progress in transforming Baladna to be a leader in dairy and beverages in Qatar. As we had outlined to investors prior to our IPO in December 2019 - we are delighted to have delivered on our targets and paved the way for continued growth in the short and mid-term future."

Malcolm Jordan
CEO

brought upon the business during 2020, Baladna remained committed to continued enhancement of its operations, processes and the product portfolio.

Product portfolio management remained paramount as Baladna continues to focus on introducing innovative and value accretive products. Our consumer insights program, launched in 2020, coupled with the NPD program, allows us to identify the market trends and customer preferences in an accelerated and more informative manner, resulting in the successful launch of 96 new SKUs and delisting of 18 SKUs to optimise Baladna's yield. Overall, our product portfolio grew by 40.7% in 2020.

Financial Results confirm strong growth combined with high profitability

In 2020, Baladna achieved significant growth in terms of sales volume, revenue and net profit. Total revenue for 2020 stand at QR 814.8 million, compared to QR 486.2 million in 2019. Our EBITDA at year-end was QR 322.5 million, reflecting an EBITDA margin of 39.6%. The business delivered a strong net profit of QR 152.1 million, an increase of 152.1% versus previous year and represented a net profit margin of 18.7%.

We are pleased to have confirmed and further strengthened Baladna's market leading position in our target markets. In addition to product development and continued product innovation in existing product segments, entering new product segments was key to Baladna's growth. Specifically the identified markets with high profit margins such as processed cheese, whipping/cooking cream and long life juice were key success factors of our revenue growth and increase in margins in 2020.

Expanding market presence further fuelled our growth. In the retail segment Baladna improved its market coverage. We enhanced customer service levels and further strengthened in-store visibility. Rapid growth within the Food Services sector was underpinned by close collaboration with our strategic customers to deliver innovative tailor-made products as well as expanding the portfolio penetration in the channel.

In addition to revenue growth, a key priority remained driving margin growth via extracting efficiency gains across the value chain. Investments in additional farming and manufacturing capacity continued to deliver material benefits. Herd yield improved by 14.9% whilst manufacturing conversion costs reduced by 13.0%. As the size of Baladna's operations rapidly grew, we have successfully leveraged our purchasing power and hence reduced input costs by 5.4%. Furthermore, the benefits of business scale positively impacted the route-to-market with the distribution cost per litre declining by 1.9%.

2020 was a year of significant progress in transforming Baladna to be a leader in dairy and beverages in Qatar. As we had outlined to investors prior to our IPO in December 2019 - we are delighted to have delivered on our targets and paved the way for continued growth in the short and mid-term future.

2021 Outlook

As we enter 2021, Baladna remains highly confident in our ability to continue growth. We intend to continue to focus on our successful core business, growing Baladna's dairy and juice portfolio in a value accretive manner through innovation and our experience. Furthermore, Balanda intends to continue exploring opportunities to enter new product categories if identified by our teams to be profitable within our capabilities.

We have proven our relentless pursuit of efficiencies through the entire value chain and stringent control of costs to enhance profitability and financial flexibility, and we intend to continue our efforts on this front.
In addition to the focus on shareholder value creation, Baladna is fully aware and proud of its role as well as contribution to the National Food Security Program.

We remain committed to investing in talent development and look forward to sharing progress updates about our business wide sustainability program. We continue to assess opportunities for geographical expansion- leveraging our existing asset base to develop an export business as well as transferring our experience and knowledge to business models in South East Asia and beyond. 2021 is expected to be an exciting year during which Baladna will continue preparations to meet the extensive demand dynamics of the 2022 FIFA World Cup in Qatar, which is expected to result in a significant increase in Qatar's population in the lead up to and during the event.

The considerable progress we have attained to-date, across all areas, is a result of the combined efforts of the entire Baladna family including our steadfast leadership, experienced management and dedicated employees, all of whom have been inspired by the trust placed in Baladna by our customers and shareholders. I wish to express my deepest thanks and appreciation to all of our vital partners in our collective success.

CFO's Message

The Company recorded a 67.6% year-on-year revenue growth, posting QR 814.8 million in total revenue for the period of 2 December 2019 to 31 December 2020. Our continuous successful product portfolio expansion, based on Baladna's strong Research & Development capabilities, resulted in an increase of SKUs from 157 to 235 during the period. Out of the total product portfolio, fresh milk, UHT milk and cheese represented the main contributors to the absolute growth in revenue.

> 2020 marks the first full financial year of Baladna as a listed company on the Qatar Stock Exchange. Despite the various challenges related to the COVID-19 pandemic, Baladna delivered on its operational and financial targets communicated at the time of the Initial Public Offering. In addition to confirming our leading position in the market through product portfolio expansion, increase in revenues and net profits, we placed a strong emphasis on driving efficiencies across the entire value chain to increase margins and optimise working capital management, creating a solid foundation for continued growth and profitability.

Saifullah Khan
CFO

For the period, Baladna achieved an EBITDA of QR 322.5 million and a net profit of QR 152.1 million, confirming Baladna's high profitability with an EBITDA margin of 39.6% and a net profit margin of 18.7%. These profit margins validate our operational excellence and strategic financial planning, especially considering the unforeseen expenses directly and indirectly linked to the COVID-19 pandemic and Baladna's efforts to ensure the highest health and safety measures for customers, employees and suppliers, as well as the planned reduction by the authorities of QR 103.8 million in compensation – compensation from date of establishment to reporting date amounted to QR 164.4 million as compared to QR 268.2 million in the similar period last year. Market share gain, new product introductions, higher milk yield, efficiency measures and cost control led to an increase of the EBITDA by 37.4% and net profit by 152.1% compared to the previous period.

Baladna's 2020 commercial and financial performance confirms our key investment highlights:

- Market leader in dairy products and beverages in Qatar
- Proven ability to identify growth opportunities and execute strategy successfully
- Excellence in product innovation and development
- State of the art facilities that increase efficiencies and lower operating costs
- Integrated value chain allowing management to be in full control
- Strong financial track record and solid financial position
- Strategic shareholder support

Strong cash flow generation and solid financial position

With the successful IPO of QR 1,425,750,000 (representing 75% of issued share capital of the Company), the nominal value of the total equity base (including retained earnings, legal reserve and acquisition reserve) reached QR 2,241.3 million.

Our EBITDA for 2020 was

QR 322.5 million

Total profit for 2020 stood at

QR 152.1 million

With IPO proceeds used for the partial settlement of a bank loan facility, the Company reached a healthy net debt to total capital employed ratio of 34.5% as of 31 December 2020. Based on Baladna's strong operating cash flow, the Company did not require to use any additional debt to finance any major cash outflow, including QR 220.8 million of capital expenditure, settlement of QR 1,414.0 million bank loans, and payment of an interim dividend of QR 32.0 million out of a declared dividend of QR 40 million. This was all financed with cash generated through operations.

KPIs	Year 2020 (Since date of establishment)
EBITDA to Revenue	39.6%
Net Profit to Revenue	18.7%
Return on Equity	6.8%
Net Debt to Capital Employed	34.5%
EPS	QR 0.082

Robust risk management

As a strategic and preventative measure, although Baladna's material sourcing and supply chains were not impacted during pandemic, Management decided to increase the inventory levels to cover a period of up to 6-months for all major materials. Baladna ensured as well during the height of the pandemic, while complying with the required health and safety regulations, that production continued and orders and distribution were fulfilled.

Interest cost remained low during 2020, as we were able to secure a lower interest rate compared to previous terms from one of Baladna's banking partners. Baladna is well positioned as the leader in our local market, currently with minimal exports to international markets. Therefore, other than US Dollar to which the Qatari Riyal exchange rate is pegged, our foreign exchange rate exposure is negligible.

With regards to corporate governance, the Company has developed a comprehensive risk register and relevant initiatives are taken to mitigate all identified risks. This includes written policies and procedures developed in line with local regulations and industry best practices.

Initiatives for greater efficiency

We apply the latest technologies for milking and a state-of-the-art manufacturing facility designed to drive efficiency across our business, resulting in cost of sales per unit (without considering compensation by the authorities) decreasing by 12.7% compared to last year. We constantly monitor market demand and production requirements in order to optimise our milk production accordingly. We support the natural growth of our herd and increase milk yield by providing comfortable living conditions and necessary vaccines, while at the same time conducting regular health and feed testing, which contributes to higher yield of milk per cow per day, from 31.8 litres to 36.6 litres compared to last year .

Continuous product portfolio reviews and new product launches allow the Company to maintain an optimum product mix, supporting margin improvements and accelerating the growth, resulting in our overall margin over material increasing by approximately 80% compared to last year. Meanwhile, continued focus on partnerships and logistics enable access of our products to an ever-growing customer base, through our distribution network that has expanded to cover the current Qatari retail and HORECA market, resulting in lower cost of sales per unit due to higher volumes.

Share price performance and shareholder return

Investors have recognised Baladna's strong performance in 2020 and IPO investors, as well as many others who purchased shares in the secondary market, have witnessed a strong performance of the share price. As of 31 December 2020, the share price compared to the IPO price increased by 79%, reflecting an outperformance compared to the QE index which is increased by 1%.

2021 Outlook

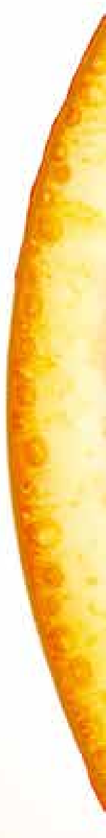
In 2021, Baladna will continue to grow its volumes. The resulting production growth is expected to further reduce the production cost per unit through greater economies of scale.

Strategic expansion and strategic partnerships remain key for long term growth and is one of Baladna's focus areas. As such in Malaysia, Baladna with its partner Felcra Berhad is currently evaluating the design and financial assessment of a large scale fully integrated forage and dairy farm together with a state-of-the-art processing plant. When completed, the dairy farm will house 10,000 milking cows producing over 100 million litres of fresh milk a year, significantly improving Malaysia's current food security and self-sufficiency ratio for dairy products.

Based on the strong financial position and cash generation capabilities, Baladna has the financial flexibility to lead larger projects and react in a timely manner, if an opportunity is identified and deemed value accretive by the management. Building on the strong financial foundation established in 2020 and the diverse avenues available for diversification and expansion, the management targets a favourable growth in revenue and profitability for the coming year.


BALADNA
Made By Nature
fresh Milk
Strawberry
200 ml
BALADNA
Made By Nature
fresh Milk
Chocolate
200 ml

STRATEGIC REVIEW




بلدنا
BALADNA
كل شيء على طبيعته
١٠٠٪ برتقال
بدون إضافة سكر

Business Model

How we create value

Inputs

Financial Capital
- QR 3.2 billion Investment
- 37,495 Shareholder Base
- Listing on Qatar Stock Exchange

Manufactured Capital
- State-of-the-art facilities, equipment and technologies
- Resilient supply chain
- Robust and integrated value chain
- 3,000+ Points of Sale

Human Capital
- Experienced leadership team
- 1,600+ employees
- Strong corporate culture and values

Social & Relationship Capital
- 96.74% Qatari owned
- Strategic relationship with Government of Qatar
- Reputation for quality with trusted products and brands

Our Vision

We aim to be the most trusted brand of nutritional foods and healthy beverages in Qatar and to expand to new markets.

Our Mission

We will achieve our vision by ensuring consumers' wellness by providing

Strategic Pillar

Innovation

Innovation has always been in the heart of what we do at Baladna. Our UHT milk is the first one to be produced locally, in a farm only 60 kms away from Doha, making it a preferred choice for customers owing to its freshness quotient.

Innovation and product development / Government supports /

Cow welfare / Economic of scale /

Our Segments & Brands

Fresh Milk	Yoghurt
UHT Milk	Labneh
Laban	Cheese
Juice	Creams

Baladna is Qatar's Leading Dairy & Beverages Company.

natural, nutritious and tasty foods and beverages, while maintaining the most rigorous food safety and biosecurity protocols.

Our Principles

- Supporting food security
- Raising the level of veterinary care
- Caring of livestock
- Natural and fresh products
- Adherence to Qatari traditional values

Product superiority, high-quality and availability | Productivity per cow

Comprehensive basket product | Integrated supply chain

Strategic Pillar

Quality

From farm to fork. Bringing fresh, healthy and nutritious food to the people of Qatar is a top priority for Baladna. Baladna was awarded the ISO 22000:2005 Food Safety Management System certification.

Business drivers

Our Farms
2 farms with over 22,000 heads of dairy

Our Manufacturing
State-of-the-art processing and packaging facilities

Our Strategic Product Innovation
235 SKUs in current product portfolio across all brands

Outputs

Solid Financial Results

QR 120.2 Million
Free Cash Flow

QR 152.1 Million
Profits (+152.1% yoy)

QR 322.5 Million
EBITDA (+37% yoy)

QR 1.790
Share price

Resilient Workforce
Low employee turnover
Multicultural environment

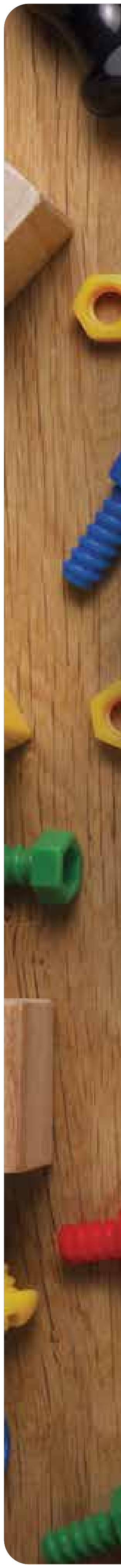
Operational Excellence
Operational efficiency & cost optimisation
Product innovation (SKUs +41% y-o-y)
Food security for Qatar

Strong Brand Equity
Market-leading brands (introduction of budget-conscious Awafi line)
Market share leader across key segments

(# 1 Dairy Company in Qatar)

Underpinned by a strong foundation of robust corporate governance, strategic risk management and an enduring commitment to our nation and the communities we serve.

Strategy



OUR CORPORATE STRATEGY

Our strategy revolves around establishing protocols and systems to achieve our corporate objectives. In order to achieve this, we have developed a set of goals and key performance indicators to monitor them. Our focus remains on creating shareholder value by driving optimization, maintaining products' quality, accelerating growth and strengthening the processes by continuous improvements and automation.

The key drivers to the strategy are:

1. Growth in key categories we already operate
2. Leveraging our assets through exports
3. Expanding into other categories in home market
4. Expand geographically in new markets e.g. Malaysia
5. Drive end-to-end efficiency throughout the value chain
6. Focus on producing most superior products in the categories we operate
7. Continuous innovation and renovation to meet consumers needs
8. Maintain quality across operations by using best in class technologies
9. Active involvement and contribution to the food security program to ensure highest standards of health and safety for the citizens and residents in Qatar
10. Continuous improvement in cow comfort to benchmark milk yield with leading dairy farms in the world
11. Provide healthy working environment to motivate staff / attract best talent and be the best place to work

OUR STRATEGIC PILLARS

PEOPLE
Creating performance culture
- Build a lean, motivated and high impact team
- Training need analysis and ensuring core training objectives are fulfilled

PRODUCT
Ensuring quality and availability
- Entrench quality culture – consistent and superior products and packaging
- Simplify shopper journey – strongly available and visible

BRAND
Be the preferred consumer brand
- Formalized consumer validated brand strategy framework
- Innovation – Commercial / Products / Packaging

EFFICIENCY
Drive value stream
- Optimization of systems / processes through automation
- Strong focus on cost savings and value engineering


بلدنا
BALADNA
Made By Nature
from 100% Fresh
Milk
FULL FAT
High Source of
D
125 ml
Long Life
بلدنا
BALADNA
Made By Nature
Strawberry flavored
Milk
FROM 100% FRESH MILK
High Source of
D
125 ml
Long Life
بلدنا
BALADNA
Made By Nature
Chocolate flavored
Milk
FROM 100% FRESH MILK
High Source of
D
125 ml
Long Life
بلدنا
BALADNA
Made By Nature
Banana flavored
Milk
FROM 100% FRESH MILK
High Source of
D
125 ml
Long Life

Our People

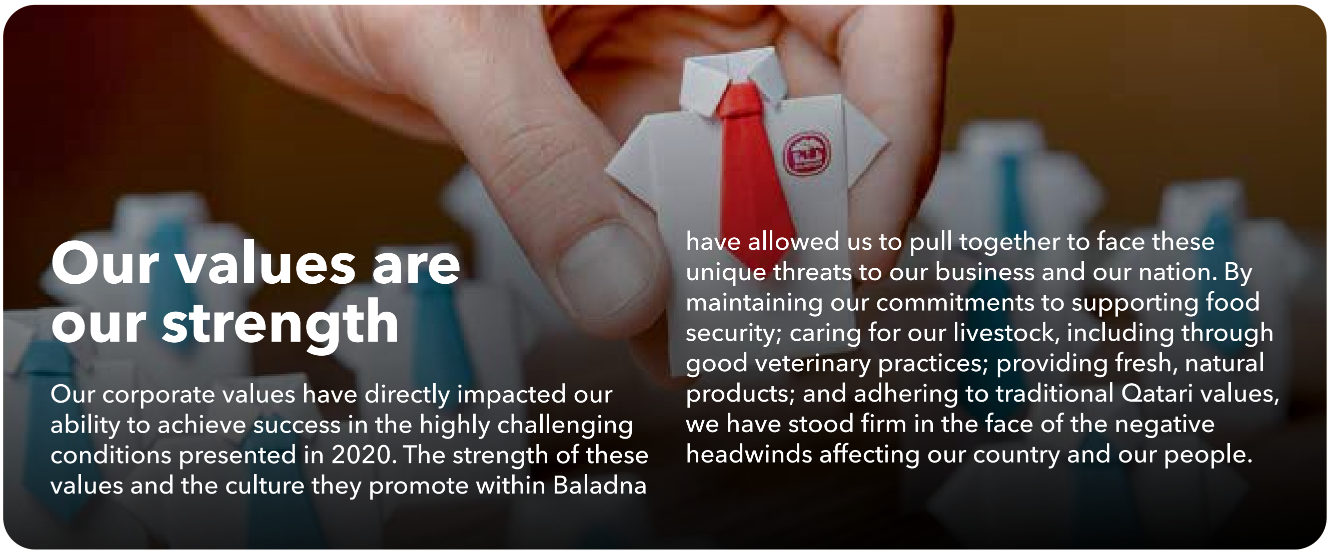
Baladna's success is a direct result of the loyalty and dedication of our people. We maintain a continuous process of improvement that seeks to guarantee the health and well-being of Baladna employees and ensure the highest standards of workplace safety. This rigorous commitment results in less downtime, higher employee satisfaction, and more reliable and productive operations in a secure environment.

Despite the unprecedented challenges of the year – and in particular the precautionary measures implemented across the world to stem the spread of COVID-19 – Baladna has successfully ensured not only the continuous supply of our products to our customers, but also the health and well-being of our clients and employees.

We have done so under the stewardship of our experienced leadership and management, which has recently been enhanced with the addition of new local and international talent in key positions throughout the organisation.

Our primary goal from the outset of the pandemic has been to protect our staff and ensure an uninterrupted supply of products. This has been achieved by identifying risks and creating personnel 'bubbles' throughout the entire vertical supply chain – from farming through to our customers. For roughly 7-months, our management and administrative employees worked remotely from home, while stringent social distancing measures were implemented within our workforce accommodation.

The restrictions imposed also affected our recruitment procedures, slowing down employee intake as lockdowns were implemented and the issuing of new visas curtailed. Yet, despite these disruptions, our employees remained safe, our overall costs remained on budget, and the quality of our products and services continued to improve.



Our values are our strength

Our corporate values have directly impacted our ability to achieve success in the highly challenging conditions presented in 2020. The strength of these values and the culture they promote within Baladna have allowed us to pull together to face these unique threats to our business and our nation. By maintaining our commitments to supporting food security; caring for our livestock, including through good veterinary practices; providing fresh, natural products; and adhering to traditional Qatari values, we have stood firm in the face of the negative headwinds affecting our country and our people.

Maintaining a safe and secure workplace for all

All Baladna facilities are equipped with the latest in safety features, including the very best fire-fighting equipment comprising sprinklers, fire hoses, fire extinguishers, centralised smoke alarms and 24-hour CCTV monitoring.

Our ongoing commitment to the safety and well-being of our people is demonstrated in our Lost Time Injury Frequency Rate (LTIFR) – an internationally recognised measure highlighting the number of recordable incidents per man hours worked – in which we currently outperform the global best-in-class value of 0.4.

A dynamic strategy for a dedicated workforce

Our adaptive people strategy allows us to quickly adjust in response to the evolving business environment and prevailing market conditions whilst maintaining our focus on employee well-being and enrichment.

The key objectives of the strategy are to attract high calibre personnel, including talented Qataris; ensure their ongoing professional development; and regularly recognise and reward human resource excellence. Through our commitment to these strategic pillars, Baladna aims to become recognised as an employer of choice in Qatar.

To this end, we also maintain a comprehensive performance management system that identifies high-achieving employees.
This allows Baladna to deliver upskilling opportunities to transform promising candidates into future leaders. Meanwhile, our compensation and benefits system rewards employee accomplishments and encourages performance improvements, including through our Employee of the Month programme. These incentives have been particularly important in 2020, given the challenging work environment during this year.

We measure the success of our strategy through a suite of key performance indicators (KPIs) that reflect the engagement and efficacy of our Human Resources department in delivering significant assignments. These include statistical monitoring of competency development through training, which reflects our success in upskilling and developing employees with job-specific skills – particularly in the core areas of health and safety, food safety, sales, engineering and animal health.

Despite the challenges of maintaining our high standards of employee wellness during 2020, thanks to our adoption of a variety of planning optimisation and efficiency measures we were able to keep our employee costs within 86% of our approved cost-to-company (CTC) budget.

2021 Outlook

In the coming year, we will continue to deliver on our vision of excellence, providing our clients with world class products and services, whilst building our capacities and supporting the Qatari economy in the face of negative political–economic headwinds and the fallout of COVID-19.
In anticipation of the onset of a post-pandemic recovery, we aim to increase the focus on our employee upskilling and professional development programme. This will include further investment in our talent development and team-building activities to improve employee engagement, satisfaction and efficiency.

Operating Review

Baladna has remained resilient in the face of the extraordinary challenges to our people, customers, organisation and nation during 2020. By ensuring the continuity of our operations, the health and safety of our employees, and the expansion of our product portfolio, we delivered on our promises to our shareholders, ensured the continued growth of our business and took steps towards securing Baladna's future.

Having quickly recognised the severity and potential implications of the COVID-19 pandemic, Baladna immediately formed a dedicated crisis team to take control of the Company's response by developing a Business Continuity Plan that would serve to successfully safeguard our employees and customers against this unprecedented threat.

Baladna was therefore able to not only secure the significant achievements of the past 3-years, but to flourish and grow still further. Our farms operations achieved multiple milestones in 2020, from significantly expanding our milk production and improving animal health and well-being, to major innovations and improvements to our facilities and capacities.

Similarly, significant successes have also been delivered by our manufacturing team, with ongoing consolidation, increased production volumes, improved efficiencies and consistently high product performance throughout 2020.

Notwithstanding the negative effects of the ongoing crisis, both on our operations and market, Baladna successfully accelerated growth in 2020 with the launch of 96 new products in 2020, under our main Baladna brand and our budget-conscious Awafi line, further solidifying our market leadership across our diverse product portfolio.

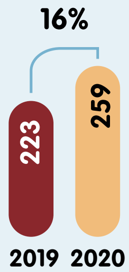
A diversified market leader

Baladna is Qatar's leading dairy and beverages company with a diverse product portfolio of 235 SKUs and strong brands in a range of categories. In 2020, we continued to accelerate growth in our brands and boost our market share, with particular focus on high growth and high profit categories, such as creams.

Market segmentation

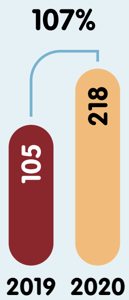
Revenue (QR mn)

Fresh Milk
85.9%
Market Share



- Market size: QR 257 million
- Market volume: Down 5% in 2020
- Retained strong #1 position

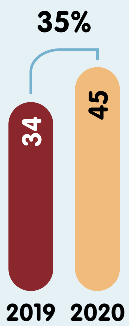
UHT Milk
78.0%
Market Share



- Market size: QR 180 million
- Market volume: Down by 3% in 2020
- Retained strong #1 position

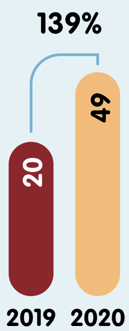
*total market share of 79.6% including co-packing of private label

Laban
41.4%
Market Share



- Market size: QR 113 million
- Market volume: Down by 12% in 2020
- Remains a significant growth opportunity

Juice
18.7%
Market Share

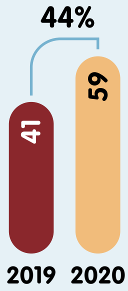


- Market size: QR 282 million
- Market volume: Decreasing by 4% 2020
- Remains a significant growth opportunity

Yoghurt

39.6%

Market Share

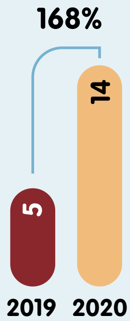


- Market size: QR 117 million
- Market stable (+0%) in 2020
- Achieved value leadership position

Labneh

45.0%

Market Share

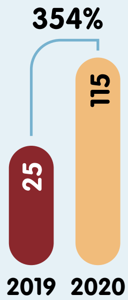


- Market size: QR 25 million
- Market volume: Up 11% in 2020
- Achieved clear leadership position

Cheese

18.9%

Market Share

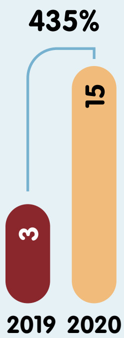


- Market size: QR 289 million
- Market volume: Up 19% in 2020
- Entered processed cheese sector at the end of Q3 2020 – processed cheese accounts for more than 60% of total cheese sales

Creams

12.5%

Market Share



- Market size: QR 66 million
- Market volume: Up 25% in 2020
- Accelerated gains driven by Q2 new product development in whipping and cooking creams

Operating Review

Farming

Our world-class farming operations, designed and certified based on international best practices with a combined capacity of 24,000 cows, provide the foundation for the continued expansion of our market-leading products and, more broadly, contributing to the future of our company while ensuring the nation's food security.

Baladna's two self-sufficient farms in Qatar, which are home to our carefully selected and cared for herd of over 22,000 heads of dairy, operate with complete self-sufficiency, providing our company with a competitive edge and exceptional resilience in the face of economic and logistical disruptions.

Our farms are equipped with highly efficient dairy production, compost and slaughterhouse facilities. Our sites also feature in-house feed processing capabilities with the capacity to supply over 400 tonnes of high-quality feed per day, and a reverse osmosis water treatment plant to ensure a secure supply of water. Baladna also operates an extensive laboratory, carrying out a wide range of testing to ensure our products meet the highest of international standards.

The past year has been characterised by both extensive challenges and opportunities on a global scale. By remaining focussed on our core competencies and targets, the Baladna farming team was able to achieve excellent results, improving our performance across a number of major metrics, remaining on budget and acting as a vital pillar in securing the future of the nation's food sector.

A total of 141.6 million litres of milk were produced in 2020, up from 118.0 million in 2019 and just over 40 million in 2018. The average quantity of milk per cow produced rose to 36.6 litres per day in 2020, representing an increase of just over 4.8 litres per cow over 2019 and in excess of 10.9 litres more than in 2018.

Continuing improvements and innovation in 2020

Notably, our milk production grew considerably over the summer months, thanks to the introduction of new cooling system improvements, including monitoring capabilities that allow real-time temperature adjustments barn by barn.

Also during 2020, our feed processing facilities produced 135,000 tons of feed for around 22,000 animals between our 2 farm sites. In addition, 12,247 calves were born during the year, and we achieved our cull rate target of less than 22.2%.

By delivering additional cow housing, we have catered to a growth in our farms of approximately 8–10%, and thanks to the expansion of our animal health surveillance programme we witnessed improved health among our animals during 2020, achieving an average of only 1.6% of the herd in hospital throughout the year – well below our annual target of 2% – and achieved excellent calf retention.

Meanwhile, our recently introduced Heifer barn flushing system has allowed us to flush our heifer pens with brown water, reducing the stress to heifers caused by manual cleaning, and we delivered impressive efficiencies thanks to our new bedding reclamation programme and wastewater treatment plant, which allow us to make better reuse of key resources in a more sustainable manner.

In parallel with the growth and success achieved in our operations, Baladna has also expanded cooperation and engagement with government agencies during 2020 to monitor and manage the impact our business has on the environment.

2021 Outlook

Looking ahead to 2021, our farms team has planned the construction of additional facilities to allow for further expansion of our farming capabilities and efficiency.

Additional animal housing is scheduled for construction in the coming year to support this expansion. Furthermore, a polishing plant is planned to complement our wastewater treatment plant by providing the final stage in the treatment process before water can be successfully recycled or released into the natural environment.

In addition, further beautification and ecological improvements will be delivered during 2021, including reducing methane emissions to minimising our carbon footprint by covering lagoons and capturing the methane produced.

A Welcome Boost in Uncertain Times

Having faced the extreme disruption and isolation imposed as a consequence of the COVID-19 pandemic, aggravated by the discomfort of an exceptionally hot and humid summer, and continuing uncertainty concerning vacations, our employees had been in much need of a morale boost. This arrived in the form of an Al Jazeera team that visited our facilities to film a documentary on Baladna. The hard work and commitment of our staff has been integral to Baladna's rise to become the most successful greenfield dairy farm in Qatar, driven by extensive management and community support. The farm team is therefore proud to be part of the Baladna success story; for the team to be able to share their passion and success with others through this documentary was highly rewarding and acted as a great motivator.


Growth in Milk Yield of
14.9%
compared to 2019.

Operating Review

Manufacturing

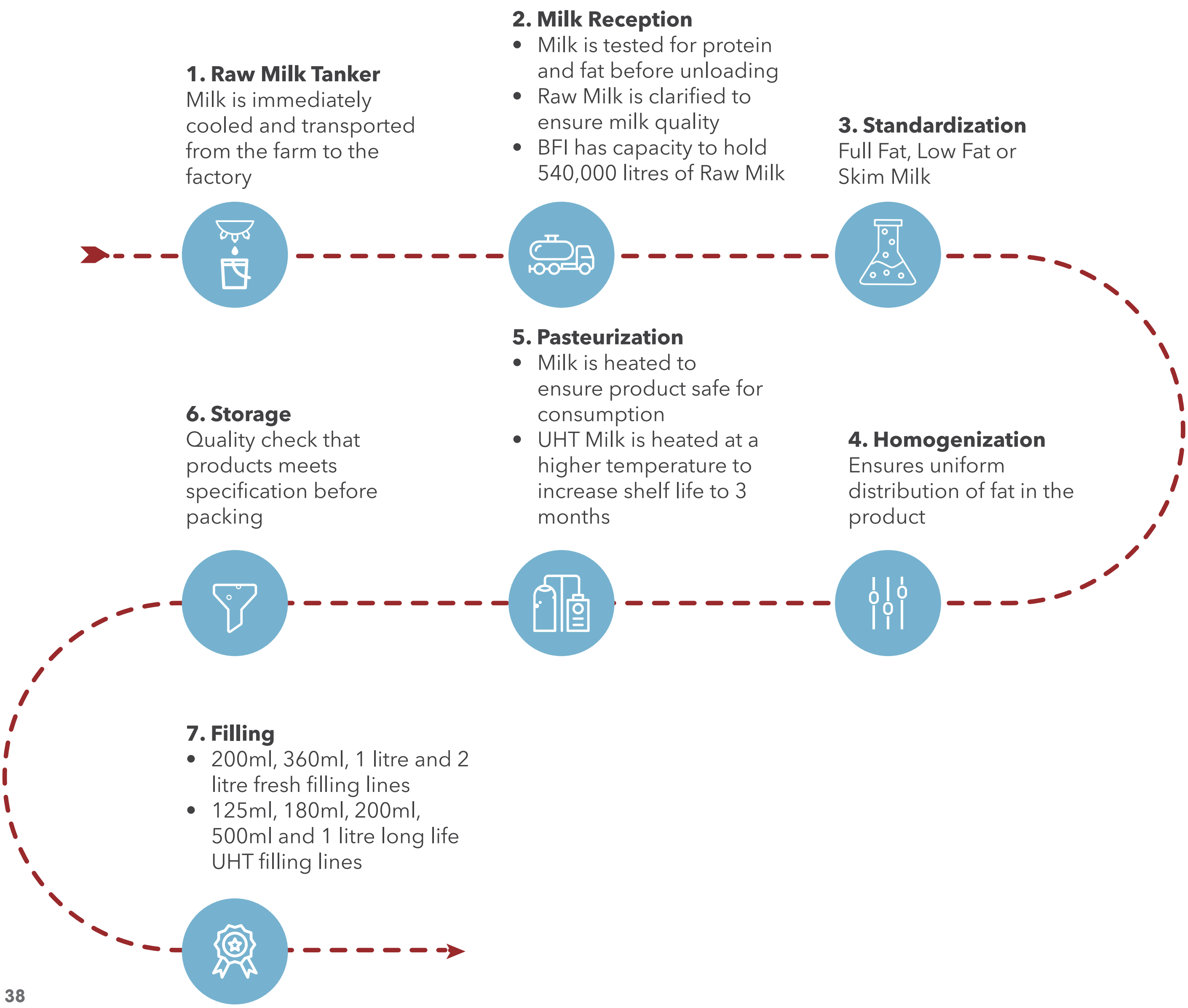
Baladna's market leading manufacturing operation is divided between dairy, juice processing and plastic production, producing a wide range of fresh and healthy products from state-of-the-art facilities in Qatar.

Supplied by our increasingly successful and efficient farm division, our dairy product offering includes both fresh and UHT milk, laban and ayran, yoghurt, labneh, cheese, cream, dairy desserts, ghee etc. At our three modern dairy processing facilities – which include our entire production chain from technologically advanced rotary milking equipment through subsequent cooling and transportation, testing, pasteurisation and on to filling and packaging for retail – our entire dairy process train takes only a few hours to complete, ensuring our customers receive the freshest possible produce.

Overview of Baladna's dairy processing plant

Extensive range of products made possible through state-of-the-art facilities

Facilities and Milk Process



- The entire process takes approximately **one day to complete** which ensures **fresh milk and dairy products are supplied to the market daily**
- There are **3 dairy factories** at the BFI farm allowing an efficient process with minimal downtime

Utilising dedicated facilities to achieve high levels of efficiency, Baladna's juice processing activities produce 15 popular flavours of juice. Using concentrates mixed at our Plant 3, our juices proceed to pasteurisation, filling and packaging at our dairy processing facilities. This highly efficient system has recently been expanded to allow the production of juices from both short- and long-life concentrates, providing consumers with the option of either opting for regular concentrate-based juice that lasts for 30 days, or juices with a shelf-life of up to 9-months. This is in line with our continued commitment towards operational efficiency across all areas of our business.

Overview of Baladna's Juice Processing

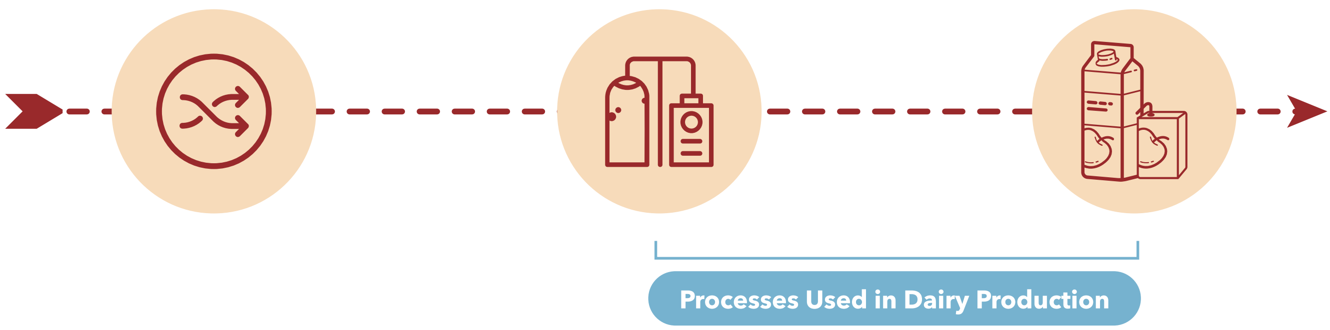
Value creation and achievement of synergies through utilization of existing facilities to produce juice

Facilities and Process

Mix
Juice concentrate is mixed at the Baladna plant 3 with water. Concentrates come in two forms, long-life and short-life concentrates

Pasteurization
Juice is pasteurized, heating it quickly then cooling it down to guarantee product is safe for consumption

Filling
The filling machine from the milk production line is also used to fill all other beverages at Baladna



- Baladna juice products are **produced within the existing facilities and benefit from synergies with the dairy production facilities**

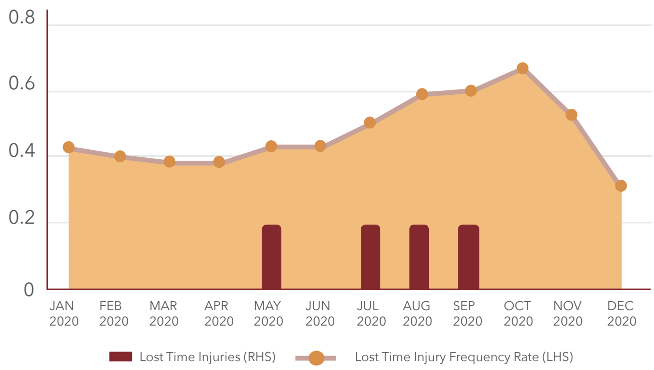
Increasing Consolidation and Efficiency in 2020

Despite the challenging environment and conditions experienced in 2020, the past year has seen significant successes in our manufacturing division, with ongoing consolidation, increased production volumes, improved efficiencies and consistently high product performance.

Under the guidance of the division's highly experienced new management, who took up this post in February 2020, a key priority has been to establish systems to reduce process losses to optimal levels. Targets were set throughout the year and relevant data recorded daily to support the implementation of these improvement projects, including the automation of system-generated reports to measure valued component usage – covering milk and juice, ingredients and packaging.

One of the outcomes of these actions has been to drive further investment in technology to improve process efficiency. Such initiatives have resulted in a significant improvement in 2020 and further improvements that will be completed before the end of this financial year to ensure no product is lost from storage to filling.

Key performance indicators for the manufacturing division include quality metrics expressing consumer and customer complaint ratios, as well as lost time injury (LTI) frequency and staff retention rates. Manufacturing performance is measured by plan attainment, plant utilisation, overall equipment effectiveness and loss-in-process.



Ongoing Innovation and Investment

Despite the effects of the pandemic and the constraints of external supplier availability to commission new equipment, Baladna has achieved a number of new product launches, including the remote commissioning end-of-line automation for our 2 litre filling process in order to reduce labour requirements. With the help of one of our key strategic partners, Technica International, it took just 8-days to complete installation and achieve the start-up and commissioning of the packer, end-of-line and robotic lines using smart glasses.

2020 has therefore provided a strong foundation to drive new investments in processes and product development to start the new financial year strongly in 2021, and to this end, significant capital investment has been made. Despite delays due to restrictions in international travel, we are currently working with 6 global suppliers and have a multi-national team on site for our next phase of investment on Plant 3.

2021 Outlook

The unique circumstances of 2020 have spurred the increased adoption of technology-driven enhancements such as remote meetings, and we are now investigating the use of smart glasses for remote supervision of installation works. We are also investing in new processing and automation which will provide sufficient flexibility to produce small batches of fresh dairy products with multiple packaging formats that will be available in 2021. Plans are also being developed to implement interactive manufacturing dashboards in 2021 to express major KPIs and allow for more immediate responses.

Meanwhile, a joint design review with project, production, engineering, quality and R&D teams has identified various new initiatives and supported additional capital investment to drive new product development and achieve best-in-class processing.

We also plan to progressively centralise all our fresh dairy manufacturing at our state-of-the-art dairy factory before Ramadan 2021 to achieve further efficiency gains and improved plant utilisation to reduce costs. We will also commission a new filling technology that will allow us to improve and enlarge the range of products we produce, creating further opportunities for Baladna's future.

Operating Review

Sales & Distribution

The largest vertically-integrated dairy and beverage company in Qatar, Baladna operates the biggest and most modern fleet of trucks for chilled distribution in the nation.

Baladna's market-leading distribution infrastructure and capabilities deliver over 200 trusted and nutritious Baladna and Awafi products to over 3,900 customers and contact points across Qatar 365 days a year.

The highly professional sales team, trained by recognised industry experts to ensure the highest standards of service quality and operational effectiveness, operates an advanced sales and merchandising system to ensure the accuracy of product orders for our customers. This is backed up by a large team of merchandisers who provide seven-day-a-week merchandising service to ensure products are expertly merchandised and consumers enjoy a positive and pleasurable brand experience.

Through a highly challenging 2020, the primary focus of Baladna's sales team was to ensure continuity of supply to customers, in order to accelerate growth and secure our future. Thanks to the exceptional efforts and commitment of our team, we delivered on our promises and ensured that our valued consumers across Qatar and beyond always had access to their favourite Baladna products.

2021 Outlook

In 2021, a newly appointed position of GM Sales dedicated to the commercial sales function will focus on creating a best in class sales team. This is will be achieved through upgrading of existing sales talent, implementing a brand new Sales and Merchandising software system and creating a cycle of continuous sales training both in house and with external training providers. In Modern Trade, we will improve our on shelf visibility for newly launched products and categories, improve in-store branding and increase participation in customers promotional calendars. In Traditional Trade, we will streamline our product portfolio to give better visibility in store improve merchandising and significantly improve our on shelf availability. For Deli, we will create a dedicated sales team to aggressively push Baladna's brand focusing on the localness and freshness attributes supported with strong consumer promotional offers to encourage trial and displace imported products. The HORECA team has secured a number of large customer tenders for 2021 in addition to the ever growing customer base of 2020. The team has also worked very closely with large customers on NPD, designing specific products both from a technical and taste perspective that have been recently launched and soon to be launched. Finally, we also begin to look outward at geographical expansion with our Export team with plans in Q1 to commence exports to multiple countries across the GCC, Africa and Asia. Exciting times and challenges for the new appointed commercial team and we look forward to the opportunities ahead.

Operating Review

Our Brands

Baladna is wholeheartedly committed to developing products that are crafted with natural ingredients and are high in nutritional value. We produce a broad range of dairy and juice products, from milk and other milk-based beverages, through yoghurts and creams, to cheeses and spreads. In total, there are 235 individual SKUs in our current product portfolio.

Our beloved homegrown brands

Baladna

Our proudly Qatari Baladna brand offers a broad portfolio of over 200 premium, fresh and high-quality dairy and juice products. Enjoyed by consumers of all ages, Baladna's products are all 100% locally made and include:

- Healthy core products, such as milk, laban & yoghurt
- Indulgent dairy beverages, such as flavoured milk & laban
- Enjoyable dairy snacks, such as flavoured yoghurts, custards, rice pudding & muhalabia
- Delicious cheese products, such as mozzarella, feta & spreadable cheese
- Other favourites, include halloumi, akawi & other Arabic cheeses
- Refreshing fruit juices & nectars
- Delivered fresh each day from our farm to over 3,900 retail and food service customers across the nation, Baladna delicious products keep Qatar healthy and nourished.

Awafi

Awafi is our value for money brand that promises everyday value and nutrition to budget conscious consumers across Qatar. The brand's rapidly growing portfolio of over 30 wholesome products includes UHT milk, juice, yoghurt, cheese, laban and much more. Committed to providing affordable, reliable and consistent goodness, Awafi ensures that everyone in the nation has access to the basic foundations of health and nutrition.

New Products

Despite the negative effects of the ongoing global COVID-19 crisis, both on our operations and market, Baladna successfully launched 96 new products in 2020 under our main Baladna brand and our value Awafi line, including 27 fresh dairy products, 15 long-life dairy and cream products; 29 cheese products and 25 juices.

We continue to target greater penetration of high margin categories, with the addition of whipping cream, cooking cream, processed cream cheese and processed cheddar cheese to our product line-up in Q3 2020. Another major product development in 2020 saw the release of Baladna Greek yoghurt to capitalise on 'adult/impulse' sales opportunities.

Our diverse and continuously evolving product offering also includes, meat and fertiliser, and now also features long-life juices and PET plastic materials. This new long-life juice category now accounts for 19.8% of total juice sales, and with the recent launch of Awafi long life juice, we are well positioned to achieve additional growth in this product segment. Furthermore, our market leadership position within the long-life dairy sector has also been consolidated with the launch of our line of Awafi milkshakes in the higher-value flavoured segment.

Baladna

Our Baladna family is growing

Awafi

New members of the Awafi Family

New product launches in 2020

Product category	Q1 2020 (from date of establishment)	Q2 2020	Q3 2020	Q4 2020
Fresh dairy	10	3	9	5
Long-life dairy and cream	5	4	5	1
Cheese	9	9	7	4
Juice	10	3	7	5
Total	34	19	28	15

Product Development: A Strategic Function
Product development plays an important role in safeguarding the future success and sustainability of our business and is vital both to meeting consumer needs and supporting our nation's food security. Baladna's New Product Development Programme therefore embodies a core function within the Company and is staffed by a team of experts with extensive experience in leading regional and multinational food and beverage companies.

We continue to build an in-depth understanding of the food culture in Qatar and partner with our consumers, strategic customers and key ingredient suppliers to further enhance our understanding and capabilities.

Serving Diverse Customers and Markets

Across our product range, we serve 2 main customer groups in Qatar – the retail sector and the hotel/restaurant/café (HORECA) trade. Within the retail category, our customers include key accounts (supermarkets/hypermarkets), convenience stores, traditional grocery stores and online retailers. HORECA customers include hotels, restaurants, cafes, catering and food manufacturers.

Key retail clients include Al Meera, Carrefour, Lulu, SPAR, Monoprix and Mega Mart, while our HORECA trade comprises approximately 30% of Baladna's total revenue. New customers secured in 2020 include Qatar Airways and Pizza Hut.

As the dairy market continues to evolve, Baladna will focus our product development activities on creating new product categories centred on wellness, health and nutrition.


بلدنا
BALADNA
كل شيء على طبيعته
Made By Nature
جبنة موزاريلا
Mozzarella Cheese
الوزن الصافي
Net weight
200g
Nutrition Facts المعلومات الغذائية
9 501101 825659

Operating Review

Covid-19 Impact And Response

The global Covid-19 pandemic has had an unprecedented effect on the global and Qatari economies. Working conditions have changed drastically, global supply chains have been tested and priorities have been realigned in every industry.

Given these entirely unique circumstances, Baladna immediately activated a dedicated Covid-19 crisis management team to take control of the company's response. All employee travel (outbound or inbound) was suspended and Covid-19 awareness training was initiated for all staff. Temperature screening was implemented at our facilities and personal protection equipment (PPE) sourced and distributed to all.

Remote working was also introduced for all suitable roles across our operations and we immediately began digitising a variety of operational functions including team meetings, data access and business approval processes. Recruitment was also initiated in order to source local replacements for personnel who were unable to return to work.

Meanwhile, we implemented expenditure prioritisation initiatives quickly and adopted cash flow management measures to manage the additional costs inherent in defending against the impact caused by virus.

COVID-19 Business Continuity Plan: A Phased Approach

Taking Control	Core Protection	Strategic Realignment	Operational Reorganisation	Monitoring and Control
COVID-19 Crisis Team formed under a dedicated Coordinator	All visits/external projects postponed	Exited industrial area and relocated depot to main site	Deployed sales organisation to main site	Retain robust controls
All travel (inbound / outbound suspended)	Critical staff retained on-site; all others moved to remote work	Exited staff accommodation and constructed new accommodation	Implemented additional segregation measures	Resume external projects under new controls
COVID-19 awareness training initiated	Sales operation transferred to depot	Enforced segregation protocols	Strengthened existing protocols	Post-lockdown planning
PPE equipment secured and purchased; associated protocols implemented, as well as temperature checks and a new pass system	Key departments segregated	Executed stock expansion strategy	Additional protection established at our farms and factory	Supporting customers with re-opening plans

Risk management

In an increasingly volatile and challenging business environment, the effective management and mitigation of risk has never been more important. Baladna's Enterprise Risk Management methodology is central in ensuring the business avoids and minimises the impact of any potential risks to the Company or its ability to execute its strategy and operate its business.

Baladna's methodology to manage potential business risks is aligned with recognised industry standards and best practices based on the COSO[1] Enterprise Risk Model for its Integrated Framework and ISO[2] 31000 for its Risk Management principles and guidelines.

The methodology is reviewed regularly and, where necessary, adapted to ensure it evolves with the Company's business needs, thereby allowing Baladna to manage risks effectively and efficiently, supporting the achievement of short and long term objectives.

Baladna's senior management uses these risk management principles in the course of setting strategy and making decisions. Management then plans, organises and directs the performance of sufficient actions to provide reasonable assurance that the Company's objectives can be achieved while ensuring that associated risks are kept within the agreed risk appetite at all times.

Risk definition

Baladna defines risk as "the possibility of an event occurring that will have a negative impact on the strategic or business objectives of the Company." Risks are evaluated via a combination of the consequences of an event and the likelihood of its occurrence.

Senior management and oversight

Baladna's senior management team is responsible for implementing Risk Management policies, procedures and practices across the Company, while the Audit Committee is responsible for oversight of the effectiveness of Baladna's Risk Management systems. To this end, senior management relies primarily upon the Leadership Team and the operational reporting lines to manage day-to-day risks, based upon direction from senior management.

> Baladna has established solid foundations for Enterprise Risk Management, that supports strategic objectives and enables the company to protect shareholder value.
>
> The Baladna Leadership Team is responsible for managing and maintaining the risk register and addressing those risks as part of their operational plan.

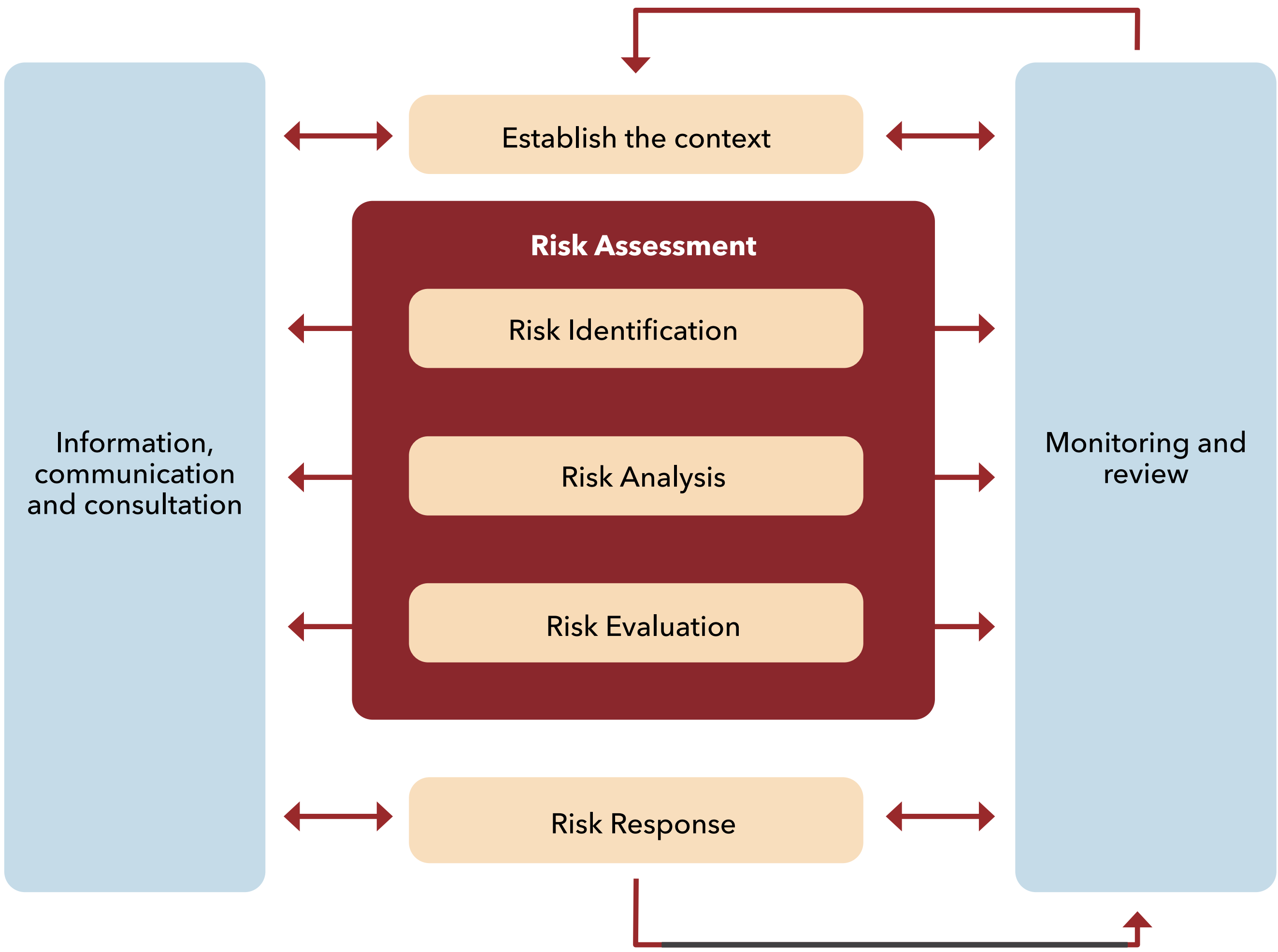
[1]Committee of Sponsoring Organisations of the Treadway Commission
[2]International Organisation for Standardisation

Approach

The Baladna Risk Management Process is aligned to the COSO model components and the process defined in ISO 31000. This cyclical process is supported by Baladna's Quality Department through the provision of education, training and monitoring, review and assessment. It is also supported through guidance to business management teams and the use of an ancillary toolset for recording, analysing and reporting on risks.

Procedures that include competitive monitoring, training, risk prevention and protection, along with the initiatives of specialised departments, such as the Quality, Health and Safety Department and Information Security, all contribute to the identification, analysis and management of risks.

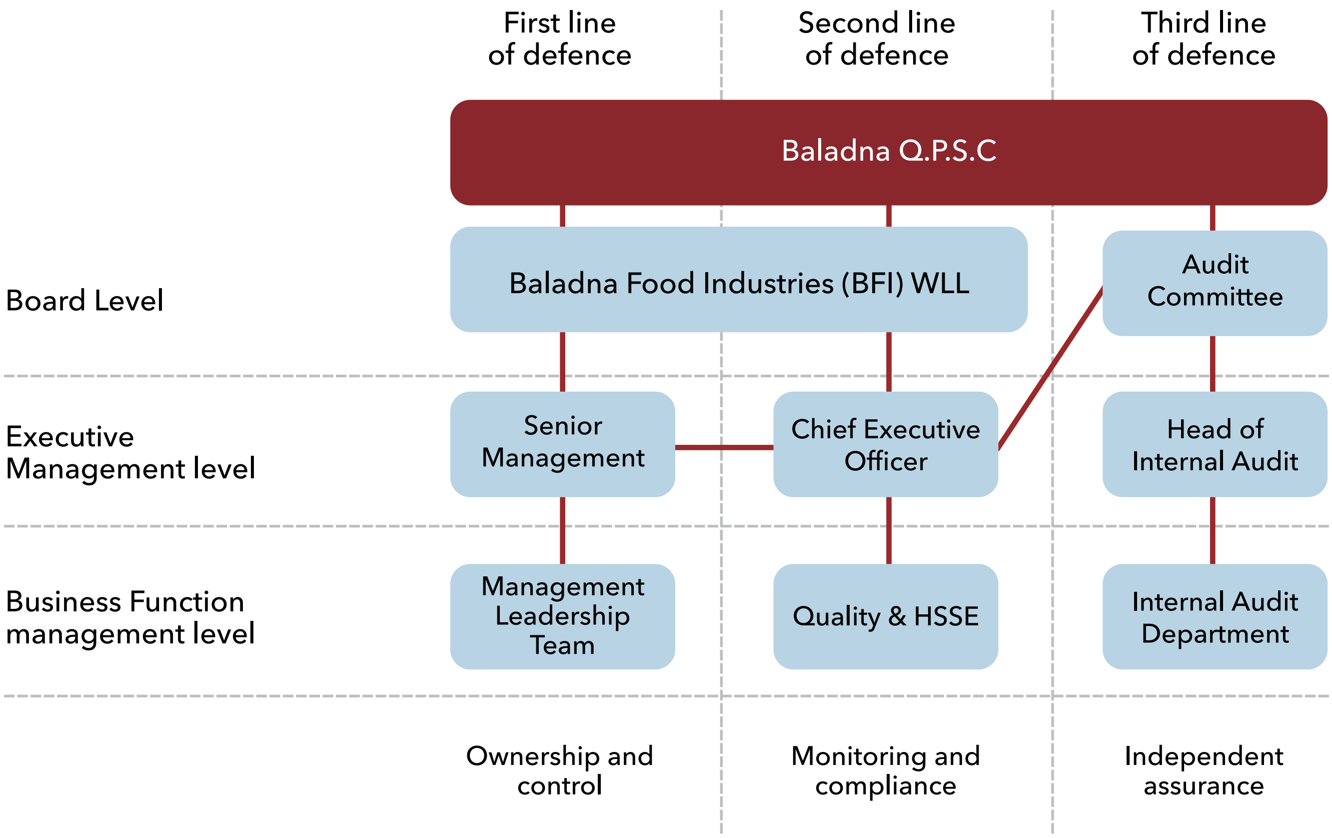
Baladna's Risk Management Process



Managing risk

Aligned with industry recognised and adopted best practice, Baladna operates a three lines of defence model to ensure accountability across the Company for governance, management and reporting of risks.

Baladna's Three Lines of Defence Model



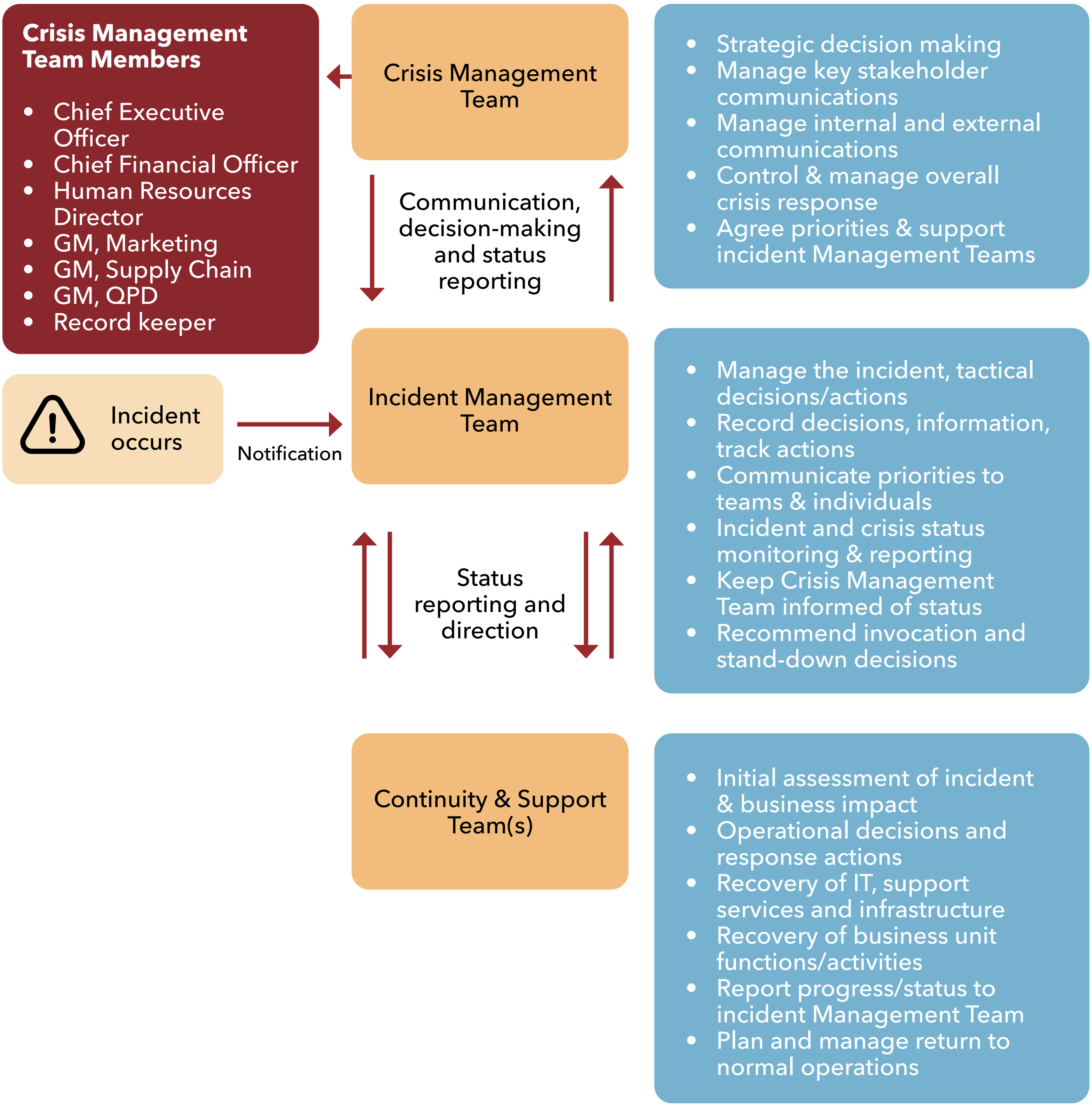
Risk monitoring and reporting

Baladna's business risk register is reviewed quarterly by the Baladna Leadership Team for each business area. It is then consolidated and challenged by the Quality Department. The Quality Department presents the most significant risks that Baladna faces to the Company's Chief Executive Officer and Leadership Team. A map of Baladna's Principal Risks and risk mitigation plans is reviewed and assessed, and this work serves as the basis for the presentations made to Baladna's Audit Committee.

Baladna's crisis management structure

Baladna has developed a major incident and crisis management protocol, which can be activated if an abnormal or unstable event threatens the Company's strategic objectives, reputation or ongoing viability.

The approach to these types of incidents is based on industry standards and best practice. It incorporates a three-tiered response system to ensure rapid decision-making and action.




BALADNA

Our Journey Towards a Sustainable Future

Sustainability has always been fundamental to Baladna's business. We are therefore proud that 2020 marks the year that we took our first concrete steps towards formulising and communicating our sustainability approach and commitments.

Wafaa Al-Saffar
ESG Director

Though Baladna is a relatively young company, we clearly recognise the importance and opportunity that a robust sustainability programme provides, as well as the expectations of the company from government bodies, financial institutions, our investors, and consumers.

2021 is an important year that we will review sustainability practices for the food and beverage sectors, benchmark best practices with selected peers and review sustainability reporting requirements by the Qatar Stock Exchange. We will also conduct a workshop within Baladna to define what sustainability means to us and what topics are material to our business and key stakeholders.

We are on track to develop and implement our sustainability framework in 2021, which will include:

- **Context analysis**
- **Materiality index**
- **Sustainability roadmap**
- **Inaugural sustainability report**

Baladna's approach to sustainability will follow GRI Standards, a holistic framework that addresses broad performance for social, environmental and economic. We are also working with the Gulf Organization for Research & Development (GORD) and the Global Carbon Council (GCC) to realise carbon credit projects, as part of our support for the Qatar Government's commitment of making the Qatar World Cup 2022 carbon neutral.

Our anticipated benefits

- Become a leading peer in the Food and Beverage sector
- Improve long-term returns by tracking and monitoring ESG performance
- Decrease investors risk by communicating efforts to mitigate ESG risks
- Enhance its brand image and reputation
- Attract strong talent based on being a purpose-driven organization
- Anticipate and stay one step ahead of emerging and new regulations

"We have recently embarked on our sustainability journey to effectively drive value for Baladna and its stakeholders by enabling us to capture strategic business opportunities, mitigate current and future risks, and position ourselves for long term growth.

Moving forward, we expect to improve our long term returns by tracking and monitoring ESG performance and communicate Baladna's sustainability information with internal and external stakeholders."

Governance

1. Board of Directors
2. Corporate Governance Report
3. Director's Report on Internal Controls Over Financial Reporting (ICOFR)
4. Independent Assurance Report on the Compliance with the QFMA's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market
5. Independent Assurance Report on the Suitability of the Design, Implementation and Operating Effectiveness of ICOFR

Fresh Mango Flavored Yoghurt
100% Fresh
& Homogenized
Fat, Min 8.5% Milk
Non-Fats.
Fresh Cow's Milk,
solids, Stabilizer
Nature-Identical Mango
Natural Color (E160a),
Starter Culture,
Facts: Serving Size:
Amount per Serving:
Calories, Total Fat:
Total Carbohydrates 15g,
Calcium: 100mg,
Vit D3: 40 IU.
From 1°c to 4°c
بلدنا
BALADNA
Made By Nature
Mango
Yoghurt
Flavored
170g

Chairman's Foreword

Dear Shareholders,

Greetings,

Baladna's corporate governance protocols are overseen by the Board, which directs the Company's affairs and works with executive management to set Baladna's strategic objectives. Post IPO, Baladna enhanced its selection of productive strategies and management of risk. It also closely monitored the delegation of authority framework that supports the need for independence in decision making and escalation of reporting, clearly articulated individual and collective accountabilities, and compliance with all applicable laws and regulations. This has enabled Baladna to satisfy the interests of stakeholders through transparent and material disclosures, meet its regulatory obligations and engage positively and transparently with the community and its customers.

Baladna is highly focused on achieving best practices in corporate governance, business integrity and transparency. Post-IPO, the Company approved a corporate governance framework which is aligned with Baladna's strategic objectives and reflects applicable regulatory guidelines, including those of the Qatar Financial Markets Authority (QFMA). Baladna's governance structure also includes a strong code of conduct which all employees must be aware of and comply with in their daily interactions. Furthermore, Baladna is governed by a framework of boards and committees. Post IPO and in 2020, charters for the Board and each committee have been created and updated in order to maximize the efficiency of actions and to ensure clear lines of accountability for decisions made. The corporate governance framework identifies the responsibilities and accountabilities for the Board and individual Board members, Board Committees, the Executive Committee and its supporting Management Committees, and Baladna's support and control functions.

Moutaz Al Khayyat
Chairman of the Board

Board of Directors

Mr. Moutaz Al-Khayyat
Group Chairman

Mr. Moutaz Al-Khayyat comes from a family of contractors since 1983. He grew his company, UCC Holding, into a regional player in the contracting world, undertaking several large and complex projects. They range from highways and bridges to infrastructure works, factories, commercial complexes, and luxury residential and hotel facilities.

He diversified his interests in several businesses across different sectors. He is the founder and chairman of Assets Real Estate Development and Property Management. He also ventured into hospitality and entertainment and is the Chairman of Aura Hospitality, Entertainment and Catering Group. Mr. Al-Khayyat owns and operates several homegrown brands along with franchised international brands.

As Group Chairman of Power International Holding, he leads more than 40 companies spanning general contracting, agro-food industries, real estate development, healthcare, lifestyle (hospitality, entertainment, and catering) and general services.

In addition to his business interests, Mr. Al-Khayyat is involved in philanthropic work through the Al-Khayyat Foundation, which he founded in 2015.

Mr. Mohamed Badr Al Sada
Vice Chairman

Mr. Mohamed Badr Al Sada has worked in different sectors including Oil & Gas, Investments and Telecom. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.

Mr. Al Sada has been working in the capacity of Chief Executive Officer of Hassad Food since June 2017. Prior to that, he served as the Chief Operating Officer in Vodafone Qatar and Chief of Business Development for the same company. Before that, he was working in a senior role in Qatar Investment Authority. He also started his career as an engineer for one of the major companies in the gas sector in Qatar, spending two years in Japan during the development of the Dolphin Energy project.

Mr. Al Sada serves on the boards of several companies. Currently, he is the Chairman of Widam Food Company QSC and Deputy Chairman of International Sea Food Company (SAOC). He is a board member of Arab Qatari for Poultry Production QSC (Al Waha), Qatar Development Bank (QDB) and Arab Co for Livestock Development (ACOLID).

Mr. Al Sada holds an engineering degree from the University of Arizona, USA.

Board of Directors (continued)

Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani
Board Member

Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani is the head of the Qatar National Food Security Program. He has 19 years of experience in the agricultural and environmental sectors, as well as in the management of water resources. He is also experienced in investment projects with the Ministry of Municipality and Environment (MME). Dr. Sheikh Faleh has served as undersecretary of Agricultural and Fisheries Affairs at the MME since 2005. From 2011 onwards, he has acted as the head of Qatar's permanent committee for the protection of underwater life. Since 2006, he has acted as the head of the permanent committee for farms and wells affairs. Additionally, he has been Chairman of the Board of Directors of Hassad Foods Company since 2005.

Throughout his career, he has represented the government in various delegations and missions, in both regional and international forums relating to the agricultural sector. He has represented the government before leading organizations and during events, such as the FAO ASIAN, AOAD, ICARDA, IFAD and ACSAD. Furthermore, he has presented academic research papers at international conferences, workshops, and conventions. The research relates to water desalination through the use of solar energy as well as increasing agricultural productivity.

Dr. Sheikh Faleh holds two PhDs, one in Water Resources Management and another in Solar Water Desalination, both from the University of Hertfordshire in the United Kingdom.

Mr. Ramez Al- Khayyat
Board Member/Managing Director

Mr. Ramez Al-Khayyat is a well-known entrepreneur and proven leader who brings a wealth of knowledge and experience in operations, risk management, and business development. Mr. Al-Khayyat started his career as a Board Member for Al Khayyat Contracting and Trading, working to expand and develop the Company.

In 2011, he and his brother, Mr. Moutaz Al-Khayyat, founded Urbacon Trading & Contracting (UCC) in Qatar, as second-generation owners.

Mr. Ramez Al-Khayyat runs the privately held company and holds the position of Managing Director. UCC has constructed many internationally renowned projects worldwide.

In 2015, Mr. Al-Khayyat received recognition from the Socrates Committee in Oxford, UK, as "Manager of the year". They also recognized UCC as one of the "Best Enterprises" in the field of construction in Qatar.

Through Power International Holding, Mr. Al-Khayyat co-owns and manages a multitude of companies, operating in general contracting, agriculture and food industries, real estate development and lifestyle (hospitality, entertainment and catering).

The companies have grown horizontally by creating various affiliates. These operate worldwide in countries including Qatar, Europe, the UK, Turkey, Oman and the Maldives, with plans for further expansion.

Mr. Hamad Bin Abdullah Bin Khalid Al-Attiya
Board Member

Mr. Al-Attiya is a Senior Investment Analyst with an overall experience of 13 years in investment, pension funds investments, corporates and banking, listed equities, local and global portfolios.

In 2007, he started as a Bank Monitor in Qatar Central Bank's Provision and Control Department. He later joined the General Retirement & Social Insurance Authority's Investment Department, where he specialized in investment analyses and covered all local and global portfolios' listed equities.

Mr. Al-Attiya holds a degree in Business Administration from the University of Wales, UK, and is also an HEC Paris Executive Master holder, majoring in Innovation and Social Business.

Mr. Mazen Alsbeti
Board Member

Mr. Alsbeti is an accomplished specialist in the industry, with 23 years of comprehensive and successful experience as an Executive Director, initiating growth policies as a Senior Executive. He has outstanding planning, execution, monitoring and resource balancing skills, with the ability to support multiple projects in a matrix of organizational structure.

Mr. Alsbeti is the main contact person for business stakeholders in providing accurate reporting and information regarding ongoing projects, developing and executing strategies, working and forming relationships with prominent members of the media, government and the public, to uphold a positive image for the Company and generate new business opportunities.

Mr. Aidan Tynan
Board Member

Mr. Tynan specializes in business turnarounds and has a proven track record of success across the GCC and Middle East. He has over 30 years of general management experience across multiple sectors including dairy, food, leisure, retail, insurance, e-commerce property development and acquisitions.

Prior to joining Baladna, Mr. Tynan was employed by Danone Plc., a world-leading food company. He held the position of Chief Operating Officer of Al Safi Danone and was Acting CEO from 2013 to 2017. Mr. Tynan was also appointed to the Board of Al Safi Danone Iraq and was a member from 2015 to 2017.

Mr. Tynan's previous positions in the Middle East include Group Consultant for the Al Othman Group, Head of E-commerce and Retail for Arabian Shield Insurance Plc. Chief Sales and Trade Marketing Officer for SADAFCO Plc. Head of Sales for Almarai Plc, for seven years and in Ireland, he was CEO of the Irish Greyhound Board and Business Development Manager for Fleming Group.

Mr. Tynan holds a master's degree in Management from York University in the UK, in addition to being a Graduate of the Chartered Institute of Marketing, UK, and a Graduate of the Marketing Institute of Ireland.

Mr. Tynan is currently an Executive Director of two Irish property-related companies: Buildvalue Limited and Exhibitside Limited.

Corporate Governance Report

Introduction

This Corporate Governance Report (hereinafter "the Report") covers the period from 2 December 2019 "Establishment Date" to 31 December 2020 (hereinafter "the Period") and is prepared pursuant to article (4) of the Corporate Governance Code for Companies and Legal Entities listed on the main market, issued by Qatar Financial Markets Authority's (QFMA) Board pursuant to Decision No. (5) of 2016. The Report forms a part of Baladna's Annual Report for the same period.

This report gives an overview of Baladna's corporate governance systems and procedures as of 31 December 2020. It has been filed with Qatar Financial Markets Authority (QFMA) and posted on Qatar Stock Exchange (QSE) website and Baladna's website.

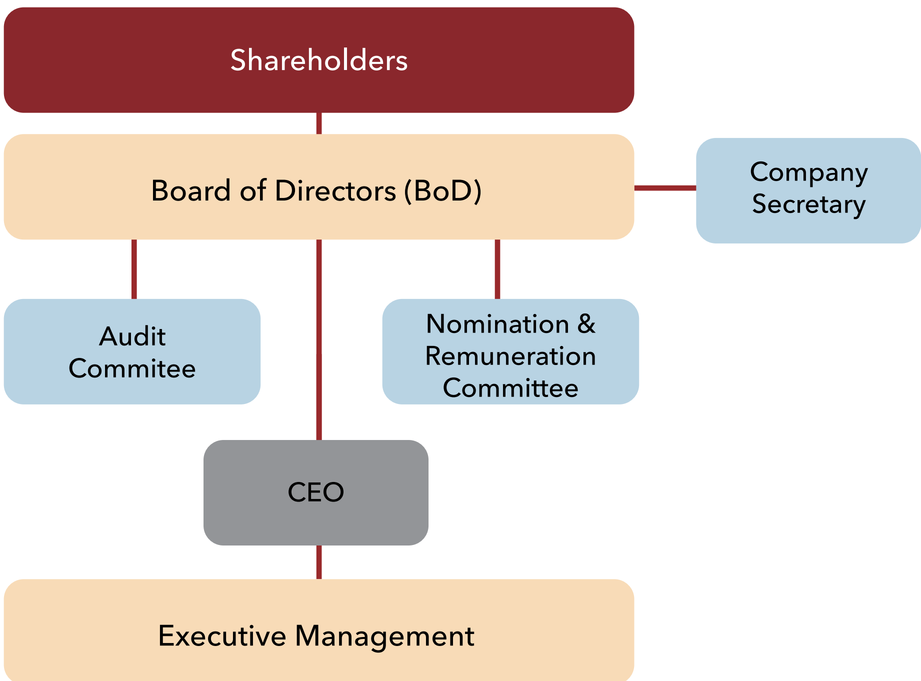
Baladna's Governance Practices

Baladna QPSC is committed to the application of the principles of corporate governance to highest level, and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working philosophy of the Company, its management and the Board of Directors.

To this end, the Company's corporate governance framework takes into account the principles adopted and standards set by Qatar Financial Markets Authority and Qatar Commercial Companies Law, number 11 for 2015, and the Corporate Governance Code for Companies and Legal Entities listed on the main market, issued by Qatar Financial Markets Authority and other related laws and regulations set by QFMA.

Furthermore, Baladna is keen on strengthening its corporate governance framework in compliance with the requirements of governance rules and related laws and regulations set by QFMA through the Company's articles of association, establishment of the Board's and sub-committees' charters, the Company's policies and procedures, and through the implementation of best practices adopted in the State of Qatar. As outlined in the report, we at Baladna affirm that we abide by the provisions of governance rules, disclosure requirements and related regulations issued by QFMA.

Baladna's Governance Structure



Corporate Governance Principles

The following are some examples of the Company's application of the principles of corporate governance:

- During the period a total of 7 meetings were held periodically and convened by the Board of Directors. Furthermore, the Board committees held periodic meetings i.e. the Audit Committee held 6 meetings, the Nomination & Compensation Committee held 3 meetings and the Shariah compliance Committee held 3 meetings. Both the BoDs and its Committees discharged their responsibilities according to the powers granted to them.
- The Audit Committee and the Board of Directors conducted reviews over the system of financial controls and its governing accounting and financial policies to ensure proper application of such policies and procedures.
- It has been ensured that the transactions carried out by the Board members and senior officers are in compliance with the prevailing laws and regulations.
- During the period, the Company adhered to the regulations concerning the transparency in disclosures made, including the disclosures of the Board's meeting dates and any decisions that might have an effect over the share price.

Board of Directors Disclosure

In practicing their duties, Baladna's Board of Directors are fully aware of, and clearly understand, all applicable laws, rules and regulations in order to comply with them under any circumstances. Therefore, the Directors fulfil their responsibilities diligently and in accordance with the principles of integrity f and airness, and in compliance with the professional standards.

The below table shows the Company's shares owned by the Board of Directors as of 31 December 2020:

Board Member Name	Position	Total Shares as of 31 December 2020
Mr. Moutaz Al Khayyat	Chairman	**237,475,000**
Mr. Mohammed Badr Al Sada (representing Special Shareholder / Hassad Food)	Vice Chairman	**-**
Mr. Ramez Al Khayyat	Board Member / Managing Director	**237,475,000**
Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder / Qatar Food Security Committee)	Board Member	**5,000**
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder / GRSIA)	Board Member	**-**
Mr. Mazen Alsbeti	Board Member	**100,000**
Mr. Aidan Tynan	Board Member	**-**

The Board of Directors Structure & Composition

The Board of Directors was elected at the Constitutive General Assembly Meeting held on 26 November 2019 for a term of five years. The Board is composed of seven members. Their details are as follows:

Name	Position	Executive	Non Executive
Mr. Moutaz Al Khayyat	Chairman		✓
Mr. Mohammed Badr Al Sada (representing Special Shareholder / Hassad Food)	Vice Chairman		✓
Mr. Ramez Al Khayyat	Board Member /Managing Director	✓	
Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder / Qatar Food Security Committee)	Board Member		✓
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder / GRSIA)	Board member		✓
Mr. Mazen Alsbeti	Board Member		✓
Mr. Aidan Tynan	Board Member		✓

Member Since	Academic Qualification & Experience
26 November 2019	Self-made entrepreneur and businessman striving to explore new business frontiers with the economies of scope strategy to sustain our business and to provide clients with cutting edge and total solutions.
26 November 2019	Holds an engineering degree from the University of Arizona. He has worked in different sectors such as Oil & Gas, Investments and Telecom. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.
26 November 2019	A well-known entrepreneur and a proven leader who brings a wealth of experience in operations, risk management and business development.
26 November 2019	Holds a PhD in Water Resources Management and in Solar Water Desalination from the University of Hertfordshire, UK. He is the head of the Qatar National Food Security Program. He has 19 years of experience in the agricultural and environmental sectors and in water resource management.
26 November 2019	Holds a Bachelor degree in Business Administration from the University of Wales, UK. He holds an Executive MBA degree from HEC Paris, majoring in Innovation and Social Business. He has an 13 years of experience in investment, pension funds' investments, corporates and banking, listed equities, local and global portfolios.
26 November 2019	He has 23 years of comprehensive experience as an Executive Director, initiating growth policies as a Senior Executive. His expertise includes planning, execution, monitoring and resource balancing skills, with the ability to support multiple projects in a matrix of organizational structure.
26 November 2019	Holds a Master's degree in Management from York University in the UK. He is a Graduate of the Chartered Institute of Marketing, UK, and a Graduate of the Marketing Institute of Ireland. He has over 30 years of general management experience across multiple sectors including dairy, food, leisure, retail, insurance, e-commerce, property development and acquisitions.

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 Articles. The Special Share gives the Special Shareholder veto rights over decisions taken by the Company, by the Ordinary General Assembly, Extraordinary General Assembly, or the Board of Directors. The following acts may not be taken by the Company unless approved by the Special Shareholder: any merger or amalgamation involving the Company, or a material sale of its assets; the dissolution of the Company; and some amendments to the Company's Articles.

Board Members representing Special Share:

Board Member Name	Position	Special Shareholder
Mr. Mohammed Badr Al-Sada	Vice Chairman	(Representing Special Shareholder / Hassad Food)
Sheikh Faleh Bin Nasser Bin Ahmad Al-Thani	Board Member	(Representing Special Shareholder / Qatar Food Security Committee)
Mr. Hamad Bin Abdullah Bin Khalid Al-Attiya	Board Member	(Representing Special Shareholder / General Retirement & Social Insurance Authority (GRSIA)

Board of Directors' Membership

Membership of Board of Directors' in other publicly listed companies and their titles in any other prominent entities:

Board Member	Company / Entity	Position
Mr. Moutaz Al Khayyat		
Mr. Mohammed Badr Al Sada (representing Special Shareholder / Hassad Food)	• Widam • Arab Qatari for Poultry Production - Al Waha • Qatar Development Bank QDB • The Arab Company for Livestock Development (ACOLID) • International Sea Food Co. SAOC (Oman) • Al Hosn Investment Company SAOC (Oman)	• Chairman of the Board • Vice Chairman • Board Member • Board Member • Board Member • Board Member
Mr. Ramez Al Khayyat		
Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder / Qatar Food Security Committee)	• National Food Company (subsidiary of Hassad)	• Chairman of the Board
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder / GRSIA)	• Al Madina Logistics Services (SAOC) (Oman) • Qatar Quarries & Building Materials Co	• Board Member • Board Member
Mr. Mazen Alsbeti		
Mr. Aidan Tynan		

Directors' Remuneration and Sitting Fees

Total Remunerations paid to the Board of Directors in 2019	None
Total Remunerations proposed to be paid to the Board of Directors in 2020	QR 1,984,883*
The Board of Directors sitting fees for attending meetings during the period from 26 November 2019 to 31 December 2020, for attending a total of 18 meetings including Board meetings, its related Committees meetings and one extraordinary general assembly meeting.	QR 816,000*

*To be presented to the General Assembly for approval

A total Sitting fees of QR 816,000 was paid to the Board of Directors for the period from 26 November 2019 to 31 December 2020 for attending a total of 18 meetings, including Board meetings, its related Committee's meetings and one extraordinary general assembly meeting.

The details are in the following table:

		Meetings			
Board Member	Membership	Board of Directors	N&R Committee	Audit Committee	Shariah Committee
Mr. Moutaz Al Khayyat	Chairman	7*	-	-	-
Mr. Mohammed Badr Al Sada	Vice Chairman / N&R Com Chairman	7	3	-	-
Mr. Ramez Al Khayyat	Board Member / Managing Director	7	-	-	-
Sheikh Faleh Bin Nasser Bin Ahmad Al Thani	Board Member	7*	-	-	-
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Board Member / AC Member	7	-	6	-
Mr. Mazen Alsbeti	Board Member / N&R Com Member	7	3	-	-
Mr. Aidan Tynan	Board Member / AC Chairman	7	-	6	-
Mr. Ahmed El Zeftawi **	N&R Com Member	-	3	-	-
Mr. Hassan Morad Agha **	AC Member	-	-	6	-
Dr. Ali Al Qarah Daghi **	Shariah Committee Chairman	-	-	-	2
Dr. Walid Bin Hadi **	Shariah Committee Member	-	-	-	2

*One meeting attended by proxy

** Committee member with technical expertise "Not a Board member"

Board of Directors' Meetings:

The following table lists the Board of Directors' meetings attendance during the period from 26 November 2019 to 31 December 2020:

Meeting No.	Date	Mr. Moutaz Al Khayyat	Mr. Mohammed Badr Al Sada	Mr. Ramez Al Khayyat	Sheikh Faleh Bin Nasser Bin Ahmad Al Thani	Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Mr. Mazen Alsbeti	Mr. Aidan Tynan
1/2019	26/11/2019	Attended	Attended	Attended	Attended by proxy	Attended	Attended	Attended
1/2020	29/1/2020	Attended	Attended	Attended	Attended	Attended	Attended	Attended
2/2020	27/4/2020	Attended by proxy	Attended	Attended	Attended	Attended	Attended	Attended
3/2020	8/7/2020	Attended	Attended	Attended	Attended	Attended	Attended	Attended
4/2020	8/8/2020	Attended	Attended	Attended	Attended	Attended	Attended	Attended
5/2020	26/10/2020	Attended	Attended	Attended	Attended	Attended	Attended	Attended
6/2020	28/12/2020	Attended	Attended	Attended	Attended	Attended	Attended	Attended

Attended   Attended by proxy

Furthermore, during the above-mentioned period, the Board of Directors issued four Board Resolutions by circulation on the following dates:

Board Resolution By Circulation Number	Date	Presented and Discussed in Board Meeting No.
6/2020	2/2/2020	2/2020
7/2020	11/3/2020	2/2020
9/2020	11/5/2020	3/2020
11/2020	28/9/2020	5/2020

Duties and Responsibilities of the Board of Directors

The Board of Directors' role is to represent the shareholders and be accountable to them for creating and delivering sustainable value through the effective governance of the business. It is the Board's responsibility to ensure that effective management is in place to implement Baladna's strategy.

This role has been fully illustrated through the Articles of Association of the Company and its relevant by-laws, the Commercial Companies Law No. (11) for 2015 and the Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority, in particular articles (8) and (9), which were incorporated in the Board of Directors Charter. The following are the responsibilities of the Board of Directors as per the Board of Directors Charter:

a. Oversee the Company's management in the optimal way.
b. Ensure compliance with relevant laws, regulations, rules and the Company's articles of association.
c. Protect the Company from illegal, arbitrary or inappropriate business and practices.
d. Each board member should discharge his duties with good faith, seriousness and concern, and its decisions must be based on adequate information from the executive management, or from any other reliable source.
e. Each board member represents all shareholders and adheres to what is in the best interest of the Company.
f. The Board must specify the powers that it delegates to the executive management, the procedures for making decisions and the duration of the delegation. The Board also determines the issues it retains the power to

decide on, and the executive management submits periodic reports on its practices of delegated powers.

g. The Board ensures that procedures are in place to familiarize the new board members with the Company's work, especially the financial and legal aspects, in addition to training them if necessary.
h. Ensures that the Company provides sufficient information about its affairs to all members of the Board in general and non-executive board members in particular, in order to enable them to carry out their duties and tasks efficiently.
i. The Board submits a detailed statement of transactions and deals with any related party in the event that the related party has an interest that may conflict with the Company's interest, at least a week before the date specified for the general assembly meeting, by considering the Company's budget and the Board's report of shareholders.
j. Follows up on developments in the field of corporate governance and the application of best practices in this regard.
k. Ensures that all disclosures made by the Company are accurate, correct and non-misleading information.
l. Ensures that employees are treated according to the principles of justice and equality without any discrimination on the basis of race, gender or religion.
m. Adopts a mechanism that allows employees to report suspicious, illegal or harmful behaviors in the Company. The Board ensures that the complaint is safe and reliable, and ensures that the confidentiality of the complainant is maintained. The Board ensures the complainant receives the necessary protection from any form of retaliation. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm.
n. Prepares an annual detailed statement that is submitted to shareholders a week prior to when the general assembly convenes to consider the Company's budget and the Board of Directors' report, so that it includes the following data:

    1. All the sums obtained by the Chairman of the Company's Board of Directors, and every member of this Board in the fiscal year, from wages, fees, and salaries, in exchange for attending the meetings of the Board of Directors and an allowance for expenses, and any other sums in any capacity.
    2. In-kind and cash benefits enjoyed by the Chairman of the Board of Directors, and every member of the Board of Directors in the fiscal year.
    3. The rewards that the Board of Directors proposes to distribute to its members of the Board of Directors.
    4. The amounts allocated to each current board member.
    5. Operations in which a member of the Board of Directors or managers has an interest that conflicts with the Company's interest.
    6. The sums actually spent for the sake of advertising in any form, with the details of each amount.
    7. Donations with an indication of the entity that was donated and the reasons for the donation and its details.

Board Activities during the period from 26 November 2019 to 31 December 2020

During the above-mentioned period, Baladna's Board of Directors achieved the following governance goals:

Baladna held its Constitutive General Assembly on 26 November 2019 and the following decisions were taken:

- Endorsement of the report on the Company's incorporation process and the expenses it entailed
- Approve the Memorandum and Articles of Association of the Company
- Approve the evaluation of the shares provided by the founders
- Approve the Appointment of the First Board Members
- Approve the appointment of the external auditor and their fees
- Authorize the Board of Directors to take the necessary measures to appoint a Sharia Supervisory Committee
- Authorize the Board of Directors to formulate a policy to repurchase the Company's shares when necessary and in accordance with the controls determined by the Qatar Financial Markets Authority and take the necessary measures in this regard
- The announcement of the final establishment of the Company

During the year 2020, Baladna held its regular Board meetings where the following decisions were taken:

- Approve the Company's governance documents, including but not limited to Board and Committee Charters, policies, procedures and Delegation of Authority
- Approve the business plan of the Company for the years 2020, 2021 and 2022, as well as the budget and financing plan for 2020
- Approve to hold an Extraordinary General Assembly Meeting on 7 April 2020 where the Ex-AGM agreed to amend Article No. 77 of the Company's Articles of Associations to allow the Company to distribute interim dividends to its shareholders.
- On 9 March 2020, Baladna and Widam Food signed a partnership agreement to supply the local market with veal meat for the first time.

1- Board Effectiveness Evaluation

An evaluation to assess the performance of the Board as a whole, its committees, and that of the individual directors is conducted semi-annually, with the aim of improving the effectiveness of the Board, its members and committees, and Baladna's performance. Our Board Performance Evaluation set out requirements for every principal component of the effective Governance including but not limited to skills, training, accountability, effective communication, quality discussions, and succession planning. Based on the individual evaluation performed by the Board members, the Board believes that it is functioning effectively to discharge its duties towards the shareholders.

2- Board Member's Continuous Development

Recognizing the value and importance of Development for the Board, the Nomination and Compensation Committee worked closely to prepare the first suite of development materials to the Board of Directors. The topics covered included the governance and social responsibility.

3- Company Secretary

The Company Secretary is the focal point for communication with the Board of Directors and senior management and plays a key role in the administration of important corporate governance matters. Our Company Secretary, Mr. Hassan Morad Agha was appointed by the Board on 12 January 2020 and reports to the Board in relation to secretarial responsibilities. The Company Secretary has the following key responsibilities:

- Organize director's meetings in accordance with procedures to be agreed upon from time to time by the Board Chair and the Board.
- Prepare notices, agendas of meetings, and supporting reports and documentation in a timely manner.
- Attend Board meetings and undertake secretarial responsibilities, including organizing minute-taking responsibility at each meeting.
- In conjunction with the CEO and other senior management, carry out instructions of the Board and give practical effect to the Board's decisions.
- Report to the Board with respect to all corporate secretarial responsibilities.
- Arrange/organize shareholders' meetings

Qualifications:

Mr. Hassan holds a University Degree in Finance & Commerce and is a Certified Internal Auditor (CIA), USA, and a Certified Board Secretary (CBS).

4- Board Committees

The Board has established three Board Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Shariah Supervisory Committee

The above committees assist the Board in discharging its responsibilities. The Committees operate in line with their respective charters approved by the Board. The charters set out their roles, responsibilities, scope of authority, composition, and procedures for reporting to the Board. The charter of each committee has verified that it is in line with the Articles of Association of the Company and the Commercial Companies Law No. 11 for 2015, and the Corporate Governance Code of the Qatar Financial Markets Authority.

5- Audit Committee

The Audit Committee, appointed by the Board of Directors, consisted of three members. Headed by an Independent Board Member, all members were Non-Executive Directors. The Committee assists Baladna's Board in overseeing the integrity of the Company's financial statements. It also provides consultancy to the Board on the efficiency and adequacy of internal control systems and arrangements for risk management. The Committee is also responsible for ensuring that internal and external audit functions are independent and objective. In addition, the Committee advises the Board on all matters that need attention and seek a decision. The Committee also puts great importance on investigating any violations in the Company.

The Audit Committee maintains free and open communication between the external auditors, internal auditors, and senior management. The responsibilities of the Audit Committee include:

- Monitoring the integrity of Baladna's financial statements and any formal announcements relating to the Company's financial performance, as well as reviewing significant financial reporting judgments that they contain.
- Reviewing Baladna's internal controls, risk management and compliance with the relevant regulations.
- Establishing, monitoring and reviewing the effectiveness of the Company's Internal Audit department, systems and processes.
- Making recommendations to the Board in relation to the appointment, reappointment, resignation, discharge and remuneration of the external auditor and ensuring a timely response by the Board on the matters contained in the external auditor's letter.
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- Developing and implementing guidelines on the engagement of the external auditor to supply non-audit services.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement and providing recommendations on the necessary steps required to achieve such improvement.
- Reviewing the whistle-blower system whereby employees can anonymously notify their doubts on potential abnormalities in the financial report or internal controls or any other matter and ensuring proper arrangements for independent and fair investigations of such matters.
- Reviewing any related party transactions and reviewing compliance with such rules for the conduct and approval of such transactions.
- Determining the appointment, compensation, benefits, performance appraisal, discipline, replacement, reassignment, or dismissal of the Head of Internal Audit.

In 2020, the Committee completed a number of major works including:

- Reviewed the annual and quarterly internal audit reports regularly.
- Reviewed the annual disclosure results for 2020.
- Approved the internal audit department plan based on risk for 2020.
- Endorsed quarterly financial statements and reviewed the annual financial statements and submitted a recommendation to the Board.
- Reviewed Baladna Internal Audit charter, Code of Conduct, whistleblowing policy, Board Governance Charter and Policies, policy for appointing the external Auditor, disclosure policy, related parties transactions policy, Shareholders policy, Stakeholders policy, disclosure and communication policy and insiders trading policy and referred them to the Board for approval.
- Reviewed Baladna's amendments to the Company's articles of association and submitted it to the Board for approval.
- Approved the budget of the internal Audit department for 2020.
- Reviewed the Corporate Governance report and ensured full compliance with QFMA requirements and submitted it to the Board for approval.

The list of Audit Committee members are:

Mr. Aidan Tynan
Audit Committee Chairman

Mr. Tynan specializes in business turnarounds and has a proven track record of success across the GCC and Middle East. He has over thirty years of general management experience across multiple sectors including Dairy, Food, Leisure, Retail, Insurance, E-commerce Property Development, and Acquisitions.

Prior to joining Baladna, Mr. Tynan was employed by Danone Plc., a world-leading food company as Chief Operating Officer of Al Safi Danone and Acting CEO (2013 to 2017). In addition, Mr. Tynan was appointed to the Board of Al Safi Danone Iraq (2015 to 2017).

Previous Middle East positions include Group Consultant for the Al Othman Group, Head of Ecommerce and Retail for Arabian Shield Insurance Plc, Chief Sales and Trade Marketing Officer for SADAFCO Plc, Head of Sales for Almarai Plc for seven years, and in Ireland, Chief Executive Officer of the Irish Greyhound Board and Business Development Manager for Fleming Group.

Mr. Tynan holds a master's degree in Management from York University in the UK, in addition to being a Graduate of the Chartered Institute of Marketing (UK) and a Graduate of the Marketing Institute of Ireland. Mr. Tynan is currently an Executive Director of two Irish property-related companies: Buildvalue Limited and Exhibitside Limited.

Mr. Hamad Bin Abdullah Bin Khalid Al Attiya
Audit Committee Member

Mr. Hamad is a Senior Investment Analyst with an overall experience of 13 years in investment, pension funds investments, corporates and banking, listed equities, local and global portfolios.

He started in Qatar Central Bank in 2007 in the Provision and Control Department as a Bank Monitor and later joined the General Retirement & Social Insurance Authority's Investment Department, where he specialized in investment analyses and covered all local and global portfolios listed equities.

Mr. Hamad is a University of Wales Graduate in Business Administration and is also an HEC Paris Executive Master holder, majoring in Innovation and Social Business.

Mr. Hassan Morad Agha
Audit Committee Member

Mr. Hassan brings over 25 years of experience in areas of Internal Audit, Internal Control, Compliance, Enterprise Risk Management, Corporate Governance, Strategy, Board-level Communication, Business Advisory, Project Management and Resource Management; in different business segments mainly in Heavy Industries, Manufacturing, Real-Estate Development, Construction, EPC, FMCG, Hospitality and Logistics. Mr. Hassan is currently the Group Chief Risk and Internal Audit Officer at Power International Holding. Prior to that, Mr. Hassan worked for Gulf General Investment Co. P.S.C. in the UAE, a public stock company listed on Dubai Financial Market "DFM". He joined them in 2014 as the Group Head of Compliance & Internal Control, reporting to the Audit Committee and the Board of Directors, in addition to his role as the Company's Secretary, working closely with the Board of Directors.

Prior to that and since 2004, Hassan worked with SENAAT, one of the UAE's largest industrial investment holding companies owned by the Government of Abu Dhabi. He was the Group Internal Audit & Risk Director, reporting to SENAAT's Audit Committee, in addition to being an Audit Committee member at all of SENAAT's Subsidiaries', including two public stock companies "Agthia and ARKAN" listed on Abu Dhabi Securities Exchange "ADX". He was also appointed as an independent Audit Committee member at Khalifa Fund for Enterprise Development.

Hassan holds a University Degree in Finance & Commerce and a Certified Internal Auditor (CIA)-USA since November 2002, a Certified Board Secretary (CBS)-UK and a member of the Institute of Internal Auditors (IIA) as well as other professional bodies.

The Chairman of the Audit Committee, Mr. Aidan Tynan, acknowledges responsibility for discharging the Audit Committee's mandate at Baladna including the review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Audit Committee.

During 2020, six Committee meetings were held as follows:

Meeting No.	Date	Mr. Aidan Tynan	Mr. Hamad Bin Abdullah Bin Khalid Al-Attiya	Mr. Hassan Morad Agha
1/2020	29/1/2020	■	■	■
2/2020	27/4/2020	■	■	■
3/2020	8/7/2020	■	■	■
4/2020	8/8/2020	■	■	■
5/2020	26/10/2020	■	■	■
6/2020	28/12/2020	■	■	■

■ Present ■ Absent

6- Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the review of the Baladna's HR framework and compensation programs. The Committee makes recommendations to the Board on the remuneration, allowances and terms of service of the Company's senior executives to ensure they are fairly rewarded for their individual contribution to Baladna. Two committee members are Non-Executive Directors of the Board while one member is independent from the Board.

The list of Nomination and Remuneration Committee members are:

Mr. Mohamed Badr Al Sada
Committee Chairman

Mr. Mohamed Badr Al Sada has worked in different sectors including Oil & Gas, Investments and Telecom. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.

Mr. Al Sada has been working in the capacity of Chief Executive Officer of Hassad Food since June 2017. Prior to that, he served as the Chief Operating Officer in Vodafone Qatar and Chief of Business Development for the same company. Before that, he was working in a senior role in Qatar Investment Authority. He also started his career as an engineer for one of the major companies in the gas sector in Qatar, spending two years in Japan during the development of the Dolphin Energy project.

Mr. Al Sada serves on the boards of several companies. Currently, he is the Chairman of Widam Food Company QSC and Deputy Chairman of International Sea Food Company (SAOC). He is a board member of Arab Qatari for Poultry Production QSC (Al Waha), Qatar Development Bank (QDB) and Arab Co for Livestock Development (ACOLID).

Mr. Al Sada holds an engineering degree from the University of Arizona, USA.

Mr. Mazen Alsbeti
Committee Member

Mr. Alsbeti is an accomplished specialist in the industry, with 23 years of comprehensive and successful experience as an Executive Director, initiating growth policies as a Senior Executive. He has outstanding planning, execution, monitoring and resource balancing skills, with the ability to support multiple projects in a matrix of organizational structure.

Mr. Alsbeti is the main contact person for business stakeholders in providing accurate reporting and information regarding ongoing projects, developing and executing strategies, working and forming relationships with prominent members of the media, government and the public, to uphold a positive image for the Company and generate new business opportunities.

Mr. Ahmed El Zeftawy
Committee Member

Mr. El Zeftawy is a seasoned professional with more than 20 years of extensive regional and global HR experience in renowned multinationals, semi-government and family owned business conglomerates. He provides value added and innovative HR strategic and operational solutions and acts as a business enabler with the aim of aligning human capital to strategic business results.

Mr. El Zeftawy was appointed as the Chief Human Capital Development Officer responsible for the PIH talent acquisition and talent development across the whole group.

Moreover, Mr. Elzeftawy's extensive experience covers different Business Segments such as construction, industrial, aviation, hospitality, and more.

Roles and Responsibilities

The key objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its responsibilities regarding the following:

- Ensuring that Independent Non-Executive Directors remain independent on a continuous basis.
- Reviewing the potential for conflicts of interest and judgment, and that there are appropriate safeguards against such conflicts.
- Formulation and annual review of remuneration, benefits, incentives of the CEO and senior executives, and that the remuneration and benefits given to senior management are reasonable and in line with the Baladna's performance.
- Consideration and putting forward for Board approval proposals on remuneration adjustments, performance bonus, long-term incentives etc.
- Driving the performance-based remuneration culture within the Company through an annual performance review of Baladna's senior executives and succession planning.
- Determination of Baladna's needs for qualified staff at the level of senior executives and the basis of selection.
- Review and approve Qatarization strategy, with a work plan for the strategy and how it will be implemented.
- Reviewing the remuneration policy and training policy to encourage the development and growth of Qatari national employees.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement and providing recommendations.
- While it is the Committee's responsibility to exercise independent judgment, it does request advice from management and third-party independent sources as appropriate, to ensure that its decisions are fully informed given the internal and external environment.

The Chairman of the Nomination and Remuneration Committee, Mr. Mohamed Badr Al Sada, acknowledges responsibility for discharging the Nomination and Remuneration Committee's mandate at Baladna, reviewing of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee. During the year, three Nomination and Remuneration Committee meetings were held:

Meeting No.	Date	Mr. Mohamed Badr Al Sada	Mr. Mazen Alsbeti	Mr. Ahmed Al Zeftawy
1/2020	13/1/2020	Present	Present	Present
2/2020	8/9/2020	Present	Present	Absent
3/2020	15/9/2020	Present	Present	Present

Present Absent

7- Shariah Supervisory Committee

Baladna QPSC is supervised from a Shariah perspective by a Shariah Supervisory Committee which is appointed by Baladna's Board of Directors.

The list of Shariah Supervisory Committee members are:

The Committee consists of renowned and qualified Shariah scholars who are independent of the Company and its Board of Directors:

Prof. Dr. Sheikh Ali Al Qaradaghi
Committee Chairman

He is currently a Professor of the Principles of Islamic Jurisprudence in Qatar University, and the Secretary General of the International Union of

Muslim Scholars (IUMS).
He holds several professional positions including: Vice-President of the European Council for Fatwa and Research, Chairman of the Board of Trustees of the University of Human Development in Iraqi Kurdistan, President and an Executive Member of the Fatwa and Shari'a Supervisory Board for a number of Islamic banks, and in insurance companies in the Pursian Gulf and other regions.

He has published more than 30 books and 100 academic papers. He was awarded the State Incentive Award in Islamic Comparative Jurisprudence by the state of Qatar and received the Medal of Pride by the religious administration and the Council of Muftis in Russia.

Pr. Dr. Sheikh Ali Al Qaradaghi received his PhD with honors in Sharia and Law from Al Azhar University in the field of contracts and financial transactions in 1980.

Dr. Sheikh Walid Bin Hadi
Committee Member

Dr. Sheikh Walid Bin Hadi started his career as a Judge at the Sharia'a Court in Qatar (1991). He is also a Sharia'a Committee member for various organizations including Qatar Islamic Bank, Qatar International Islamic Bank, Bank al-Rayyan, European Finance House (EFH), Solidarity Family Islamic Insurance Co. and Syrian International Islamic Bank. He has published various books and articles on Islamic Faith, Hadith, Usul al-Fiqh, Islamic Economy, Islamic Finance and Sharia'a Audit.

Sheikh Walid Bin Hadi (Qatari) was educated at University of Qatar and graduated with a B.A in Sharia'a and Usul-Eldeen (1991). He completed a Master's in Sharia'a and Law from Omdurman Islamic University (Sudan) in 2002, and a PhD in Sharia'a from Imam Muhammad Bin Saud al-Islamiyyah University in Riyadh in 2008.

The Committee is responsible for assisting the Board in fulfilling its responsibilities related to monitoring the compatibility of the Company's financial statements with the provisions and the application of Islamic principles, and ensures that all of Baladna's Islamic banking products, services and operations are in compliance with the Shariah principles.

The Committee is also responsible for the following:

1. Providing Islamic advice and guidance at the request of the Company's management.
2. Reviewing the statutory auditors reports and ensuring their application with the rules of Islamic principles and submitting a report to the Board of Directors on this matter.
3. Determining whether the contracts and transactions offered to them are compatible with Islamic Shari'ah.
4. The Committee submits its periodic reports on the results of its work, and its recommendations to the Board of Directors for approval.

The Chairman of the Shariah Supervisory Committee, Pr. Dr. Sheikh Ali Al Qaradaghi, acknowledges responsibility for discharging the Committee's mandate at Baladna, reviewing its work mechanism and ensuring its effectiveness in line with the approved Committee charter. During the 2020 financial year, the Shariah Supervisory Committee held three (3) Shariah Supervisory Committee Meetings:

Meeting No.	Date	Pr. Dr. Sheikh Ali Al Qaradaghi	Dr. Sheikh Walid Bin Hadi
1/2020	16/7/2020	Present	Present
2/2020	4/8/2020	Present	Present
3/2020	8/8/2020	Present	Present

Present Absent

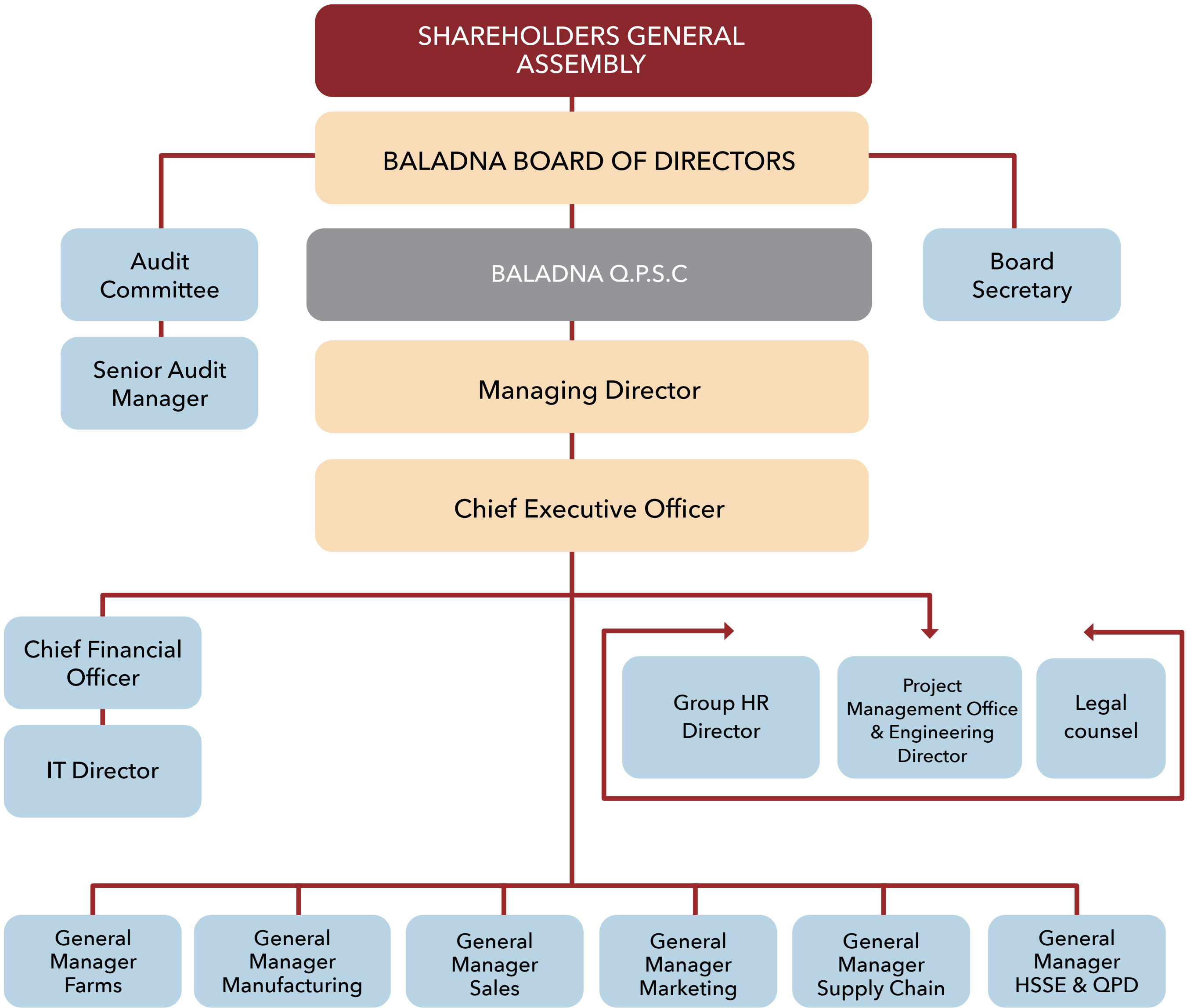
Delegation of Authority

The Board is and shall remain responsible for the overall governance of the Company and for those matters that are reserved for the Board. The Board provided the Chairman and Vice Chairman with powers and authorities on behalf of the Board with the right of delegation. The Board, under Special Power of Attorney, delegated key authorities to the Managing Director such as:

- To manage the Company and its subsidiaries' operations;
- To represent and manage the Company and its subsidiaries in all transactions and documents before the Government;
- To sign all contracts and agreements on behalf of the Company inside and outside of Qatar;
- To represent the Company in any manufacturing and/or distribution deals;
- To represent the Company before the banks for opening and closing accounts, applying for loans and financial facilities, and signing LCs, bank guarantees, and other bank documents;
- To incorporate companies and branches within Qatar and abroad and sign their articles of association.

In pursuance of the special powers and authorities delegated to the Managing Director who in turn delegated decision making and approval authorities to the management as specified in the Authority Matrix approved by Board. The Delegation of Authority framework and policy is established to define the limits of authority designated to specified positions of responsibility within the Company. The Authority Matrix ensures efficient and effective decision making which balances empowerment against controls.

MACRO ORGANIZATIONAL CHART



Executive Management

Mr. Malcolm Jordan
Chief Executive Officer

Mr. Malcolm Jordan recently joined Baladna as the CEO.

Mr. Malcolm leads the development and execution of both short- and long-term strategies, supporting the achievement of Qatar's National Food Security Program.

Prior to joining Baladna, Mr. Jordan was part of the leadership team of Almarai, the largest food manufacturer and distributor in the Middle East and the largest integrated dairy company in the world. During his tenure at Almarai, Mr. Jordan held several executive positions including Executive Vice President-New Business, CEO-IPNC, General Manager-Marketing, General Manager-Quality, Product Development and Innovation.

Having worked in the region for the past 25 years, Mr. Jordan has a proven track record of delivering superior commercial results, building highly motivated teams and leading business transformation, value chain optimization and major innovation projects.

Mr. Jordan is a graduate in Food Technology from the West of Scotland Agricultural College in Scotland and holds a Certificate in Leadership Development from IMD in Switzerland.

Mr. Siafullah Khan
Chief Financial Officer

Mr. Saifullah Khan holds the position of Chief Financial Officer of Baladna.

As CFO, Mr. Khan is responsible for the strategic management of Baladna's financial functions. He has considerable experience in scaling financial operations and organizational restructuring, and has a strong track record in delivering improved financial performance, productivity and governance. Mr. Khan's career has spanned a range of sectors including construction, manufacturing and dairy, and he has served in senior-level financial positions with a range of multinational companies such as NLC Pakistan and Qatar Power Construction.

Mr. Khan holds a Bachelor's degree in Accounting, a Master's degree in Finance and CPA certification.

Mr. Adam Douglas Peffer
General Manager – Farms

Mr. Adam Peffer is the General Manager for the Farms of Baladna.

In his role, Mr. Peffer is responsible for managing all farms, which includes: Planning, developing and implementing policies, procedures, and practices for the operation of dairy farms to ensure compliance with the Company's standards for farm production.

Mr. Peffer has over 22 years of experience in farm management in conjunction with Business Management in setting and achieving production and financial targets.

Mr. Nigel Ian Macdonald
General Manager – Manufacturing

Mr. Nigel Macdonald is the General Manager of Manufacturing at Baladna.

At Baladna, Mr. Macdonald leads the Manufacturing and Plastics operations and brings more than three decades of experience working for fast moving consumer goods, infant nutrition, and ingredients companies across three continents. Prior to joining Baladna, Mr. Macdonald has held senior operational roles with Almarai Company, a Joint Venture with Mead Johnson Nutrition and Fonterra Cooperative Group.

Mr. Macdonald is a graduate in Chemical and Process Engineering from the University of Canterbury in New Zealand and holds a Certificate in Leadership Development from IMD in Switzerland.

Mr. Khaled Zialnon
General Manager – Supply Chain

Mr. Zialnon is responsible for overseeing the end-to-end supply chain process of Baladna. Prior to this post, Mr. Zialnon led Baladna's massive expansion as Procurement Director, overseeing all activities aimed to implement, develop and manage procurement functions across Baladna by introducing E-Procurement tools, workflow process and top industry SOPs, moving the procurement function to the highest efficiency level.

As part of his previous role, Mr. Zialnon promotes long term strategic relationships with vendors, supervises their quality performance and value-added contribution to ensure the Company benefits, and procures the best value in terms of material supply and services to support the business growth in both local and international markets.

Mr. Zialnon is a passionate team leader, with his professional and intensive experience in procurement and supply chain functions. He identified the needs and developed talented individuals to handle the requirements of the business. Throughout his management, Mr. Zialnon mentors and motivates the team to achieve the Company's strategic objectives.

Mr. Julian Marcolini
General Manager - Quality, Product Development, Health & Safety, Security and Environment

Mr. Julian Marcolini joined Baladna as General Manager of Quality, Product Development, Health & Safety, Security and Environment.

He is an accomplished senior management professional with more than 20 years' experience in the areas of quality, food safety, manufacturing, supply chain.

Mr. Marcolini has worked in the Middle East for the last 12 years in Almarai Company, and has held several senior positions including Group Head of Quality and Head of Supply Chain for Almarai Infant Nutrition.

Mr. Marcolini completed his Master's in Business Administration from the University of Warwick. He is a food science management graduate from the University of Salford, and holds a Certificate in Leadership Development from IMD, Switzerland.

Mr. Firas Khalil
Information Technology Director

Mr. Khalil was one of the founding team members at Baladna and has been instrumental in the development of information systems at the Company. He has led the digital transformation at Baladna with the implementation of SAP across business functions.

Prior to joining Baladna, Mr. Khalil worked with several leading IT services providers in France including Automative Valeo, Dassault and EDF Energy.

Mr. Khalil holds a Master's degree in ERP Project Management from EI-CESI, Paris, and a Bachelor's in Mechanical and Production Engineering from Paris XI University.

Mr. Omar Marar
Project Management Office & Engineering Director

In his role, Mr. Marar is responsible for the construction and engineering projects at the Company. As a professional risk and claims expert, he has oversight of Baladna's project life-cycles, including all aspects of planning, programming, tendering and progress monitoring.

Mr. Marar has over a decade of experience in strategic planning, project control and analysis, contributing to the successful delivery of major construction projects across the Middle East, Africa and Europe.

Executive Committee

The Executive Committee is composed of senior executives of Baladn, is a responsible for the management of the business and meets on a regular basis. The Committee members report to the CEO. The prime role of the Executive Committee is to review business performance, and organizational and operational matters, set strategies/initiatives and monitor their successful execution, and review key business KPIs, progress on key projects, etc.

Insider Trading

One of the main responsibilities of the Board of Directors is to ensure proper governance is applicable at Baladna for insider's trading. Therefore, an insider's trading policy has been approved by the Board of Directors to ensure the highest level of integrity, transparency and disclosure. These rules are binding upon members of the Board, management of the Company and its employees, with the following obligations:

- Members of the Company's Board of Directors, as well as senior executives and major shareholders or controlling shareholders, are obliged to disclose the number of shares they hold within 15 days of their membership, as well as at the end of each financial year, and all trading by the Company's Board Members, its executive management and, in compliance with the laws, the regulations and instructions issued in this regard.
- The Chairman, members of the Board of Directors with listed securities in the market, its general manager or any employees who are familiar with the Company's material information, are prohibited from trading in the market, whether by himself, or in any other capacity, for the account of third parties in the securities of the same company, the parent company, subsidiary sister or ally of that Company, if any of these companies are listed on the market, during the prohibition periods stipulated in the applicable laws and regulations.
- The Company is obliged to disclose information about the dealings of insider persons and their relatives in securities issued by the Company, parent company, subsidiaries or sister companies, including members of the Board of Directors in accordance with the regulations, laws and instructions issued in this regard through the preparation of a special and integrated register for all insiders persons, including those who may be considered temporarily insider persons and who have access to the Company's internal information prior to publication. The register also contains prior and subsequent disclosures of insider person.
- Board Members and any insider employees shall not use confidential information that may affect the price of securities for personal gain and any type of such act or transaction shall be null and void.

Internal Control

Baladna's system of internal control aims to ensure that the Board and management are able to fulfill the Company's business objectives. An effective internal control framework contributes to safeguarding the shareholders' investment and the Company's assets. The objective of Baladna's internal control framework is to ensure that internal controls are established; that policies and procedures are properly documented, maintained and adhered to, and are incorporated by the Company within its normal management and governance processes.

In accordance with the requirements set out in the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the QFMA's Board, pursuant to Decision No. (5) of 2016, Management performs an ongoing process of identifying, evaluating, and managing the risks faced by Baladna and establishes and maintains effective controls for the risks identified, including those over financial reporting.

The Company carries out the review of its internal controls over financial reporting on an annual basis with respect to all material financial balances, whereby the Management assesses the adequacy of design and operating effectiveness of such internal controls over financial reporting. This assessment is reviewed by the Company's independent auditors.

Management has assessed the adequacy of design and the operating effectiveness of the Company's internal controls over financial reporting as of 31 December 2020. Based on the assessment, Management has concluded that the internal controls over financial reporting are adequately designed and operating effectively with no material weaknesses identified.

Baladna's operating policies and procedures are considered to be adequate and effective, while recognizing that such a system is designed to mitigate rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable but not absolute assurance against material misstatement or loss.

The Board of Directors acknowledges its responsibility for the Baladna's internal control framework. The Board has delegated responsibility for oversight of the Internal Audit Department (IAD) to the Audit Committee. The Head of Internal Audit is appointed by the Audit Committee. The Audit Committee reviews the effectiveness of IAD function.

The objective of the IAD function is to provide independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control, compliance and governance process, and the integrity of the Baladna's operations. The function is also responsible for monitoring the compliance of the Company and its employees with the law, regulations and resolutions, as well as internal policies and procedures. Baladna's IAD function operations are governed by a charter which sets out the purpose, authority and responsibility of the function, in addition to Baladna's internal audit procedural manual.

During the period from 2 December 2019 to 31 December 2020, no significant operational internal control failures were identified. However, process level improvements were identified by the IAD and accepted by Management for implementation towards the continuous improvement of the Baladna's internal controls. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by the IAD.

On 7 October 2019, Mr. Reda El Mougi was appointed as Senior Audit Manager reporting to the Audit Committee.

Qualifications:

Bachelor's degree in auditing & accounting and a Certified Internal Auditor (CIA) and Risk Management Assurance and other professional certificates.

Violations

During the period from 2 December 2019 to 31 December 2020, Baladna was not subject to any material fines or penalties imposed by QFMA or any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations.

Risk Management

Risk management is integral to Baladna's strategy and to the achievement of our long-term goals. The Board has established a risk and control structure designed to manage the achievement of strategic business objectives. In doing so, we take an embedded approach that places risk management at the core of the leadership team agenda, which is where we believe it should be.

The Board provides oversight of Baladna's risk management strategy and has the overall responsibility for setting the Company's risk appetite. Risk appetite guides the Company in determining the nature and extent of risk it would ordinarily accept, while executing the business model for creating sustainable shareholder value.

Baladna accepts and applies a moderate risk appetite as it seeks a balanced management of opportunities for sustained business growth along with focused identification and exploitation of opportunities generated through its business. The Audit Committee oversees compliance with risk management processes and the adequacy of risk management activities related to Baladna's operations. In addition, Management reviews the risk appetite and makes recommendations to the Board through the Audit Committee and actions required to ensure adequate controls/mitigating actions are in place against key identified risks. The Company applies a structured and robust Enterprise Risk Management approach whereby the risk management process is implemented in defined steps – Identify, Assess, Prioritize, Mitigate, Monitor and Report.

External Auditors

The appointment and remuneration of the external auditors is approved by the General Assembly of Shareholders. At the Constitutive General Assembly Meeting of Baladna held on 26 November 2019, the shareholders appointed Moore Stephens and Partners Certified Public Accountants - 'Qatar' as the External Auditors for the year 2020 for a professional fee of QR 90,000, in accordance with the provisions of Article 141 of the Companies Law.

Moore is a multinational professional services firm headquartered in the United Kingdom. It is one of the recognized audit firms and had been the only external auditor of the Company since it was listed on Qatar Exchange, since their appointment at the Constitutive General Assembly Meeting held on 26 November 2019. Mr. Fathi Abu Farah is the partner issuing the Independent Auditors' Report.

There have been no qualified opinions reported by our external auditors on Baladna's interim semi-annual and annual consolidated financial statements as at 31 December 2020. Please refer to the Independent Auditors' Report in the Financial Statements for further details.

Corporate Social Responsibility (CSR)

Baladna's approach to Corporate Social Responsibility centers on the idea of creating shared value for all of its stakeholders through economic, environmental and social actions. Accordingly, the CSR program has four pillars: Community, Workplace, Nutrition & Well-being, and Environment & Sustainability. At Baladna, the heart of the shared value concept rests on the ability of a company to create private value and to transform this into public value for the society.

The total amount spent during the period from 2 December 2019 to 31 December 2020 on CSR initiatives was QR 6,095,577. One of the key initiatives or sponsorships during the period was the support of the social and sports activities fund.

Protection of Shareholders & Stakeholders Rights

Baladna is committed to protecting shareholders' and stakeholders' rights in accordance with the required by-laws, regulations and as part of its corporate governance framework. To accomplish this, Baladna exercises diligence and care in conducting all its operations, including effective and efficient use of resources to maximize shareholder benefits.

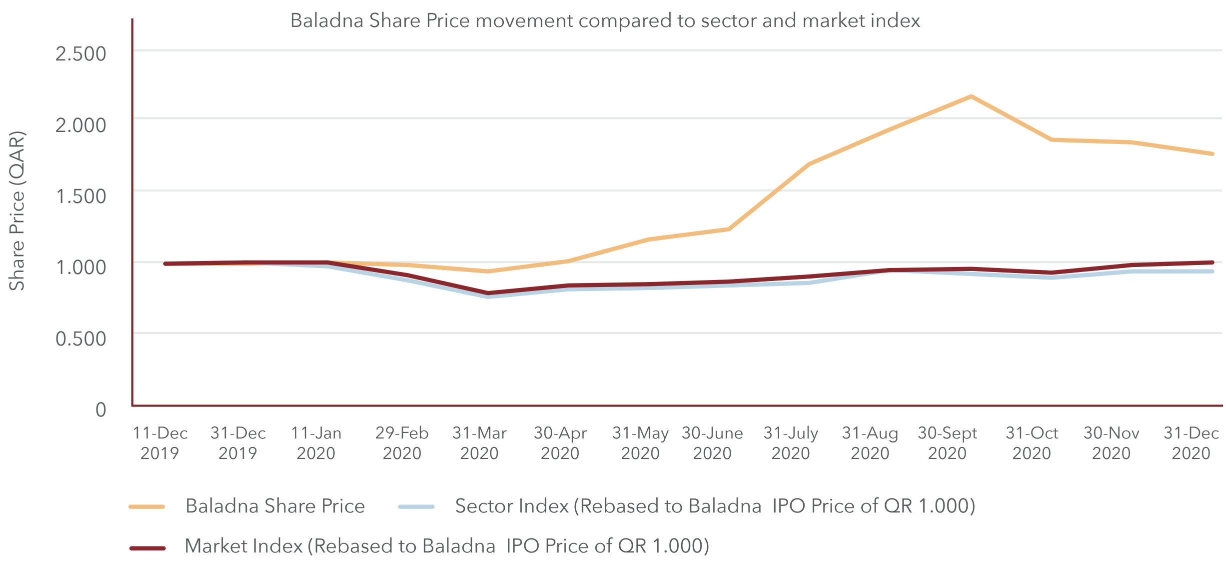
Baladna ensures that all shareholders are entitled to their rights fairly and equally and that they are protected against any violation to those rights. To ensure that shareholders' assets are protected against any misuse that may occur from the Board of Directors, Executive Management or relevant stakeholders, Baladna maintains a robust Shareholders' and Stakeholders' Rights Policies.

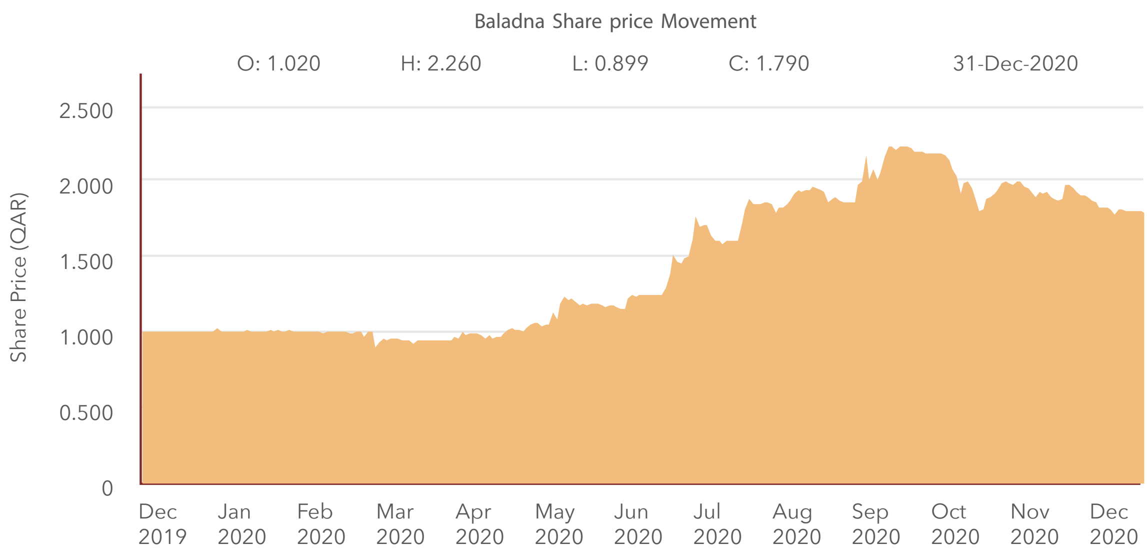
Share Performance

Baladna Share price at the end of each month in 2019 & 2020 compared with the market and industry index:

Month	Year	Closing Price QR	Max Price QR	Min Price QR	AVG Price QR	Market Index	Sector Index
December*	2019	1.000	1.070	0.995	1.005	10,425.51	8,646.40
January	**2020**	**1.010**	**1.050**	**0.995**	**1.005**	**10,422.01**	**8,453.94**
February	**2020**	**0.990**	**1.010**	**0.940**	**0.997**	**9,490.14**	**7,539.19**
March	**2020**	**0.949**	**1.000**	**0.899**	**0.953**	**8,207.24**	**6,584.36**
April	**2020**	**1.017**	**1.080**	**0.935**	**1.017**	**8,764.05**	**7,021.98**
May	**2020**	**1.174**	**1.269**	**0.990**	**1.141**	**8,844.74**	**7,125.90**
June	**2020**	**1.248**	**1.300**	**1.130**	**1.222**	**8,998.56**	**7,300.47**
July	**2020**	**1.720**	**1.830**	**1.245**	**1.587**	**9,368.17**	**7,437.89**
August	**2020**	**1.960**	**1.965**	**1.725**	**1.855**	**9,845.17**	**8,203.84**
September	**2020**	**2.200**	**2.260**	**1.838**	**2.046**	**9,990.39**	**7,987.41**
October	**2020**	**1.889**	**2.255**	**1.800**	**2.111**	**9,691.02**	**7,765.57**
November	**2020**	**1.869**	**2.040**	**1.701**	**1.922**	**10,262.10**	**8,143.51**
December	**2020**	**1.790**	**1.990**	**1.711**	**1.887**	**10,435.96**	**8,141.95**

*from 11 December 2019 date of listing BLDN on QE





Shareholder Information

Shares Distribution as of 31 December 2020

	National		GCC		Arab		Foreign		Total	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Individuals	1,061,307,234	55.829%	921,977	0.048%	16,644,506	0.876%	10,789,131	0.568%	1,089,662,848	57.321%
Companies	501,424,944	26.377%	9,400,995	0.495%	50,000	0.002%	24,097,631	1.268%	534,973,570	28.141%
Governments	276,257,582	14.532%	-	-	-	-	-	-	276,257,582	14.532%
Institutions	106,000	0.006%	-	-	-	-	-	-	106,000	0.006%
Total	**1,839,095,760**	**96.744%**	**10,322,972**	**0.543%**	**16,694,506**	**0.878%**	**34,886,762**	**1.835%**	**1,901,000,000**	**100.000%**

Shareholders owning 5% or more shares

Shareholder	Number of Shares as of 31 December 2020	%
Mr. Moutaz Al Khayyat	**237,475,000**	12.492%
Mr. Ramez Al Khayyat	**237,475,000**	12.492%
General Retirement and Social Insurance Authority (GRSIA)	**235,600,136**	12.393%
Hassad Food Company Q.P.S.C.	**95,050,000**	5.000%
Total	**805,600,136**	**42.378%**

Shares distribution based on the size of ownership as of 31 December 2020

Ownership of Shares	No. of Shareholders	Shares owned	Shares as a percentage of Capital
Less than 50,000 Shares	35,510	238,277,094	12.534%
50,000 - less than 500,000 Shares	1,828	178,551,845	9.392%
500,000 - less than 5,000,000 Shares	130	149,943,474	7.888%
More than 5,000,000 Shares	27	1,334,227,587	70.186%

Investor Relations

To comply with the Qatar Exchange rules and controls over Investor Relations for listed companies, Baladna has implemented the following:

- Appointment of an Investor Relations officer. Mr. Upendra Jayamaha was appointed as the Investor Relations officer in addition to his role as Baladna's Finance Manager. The following are his contact details:
  - Email: u.jayamaha@baladna.com
  - Phone: +974 3053 4106
- Maintenance of effective communication with the shareholders: Baladna regularly announces its results to QFMA, Qatar Exchange and shareholders by way of interim statements, quarterly, semiannual and annual results. Significant matters relating to share trading or business development are disclosed to QFMA, QE and general public by way of market disclosures and announcements in accordance with the related provisions of applicable laws and regulations, in addition to press releases and postings on Baladna's website. Furthermore, Baladna's investor relations function includes:
  - Quarterly conference calls on financial results with the investment community;
  - Responding to enquiries from shareholders through Baladna's investor relations function;
  - Meetings between investors, analysts and senior management;
  - Regular investor conferences organized by the investment community; and
  - A section dedicated to investors on Baladna's website, which comprises of annual reports, quarterly results, corporate governance report, analyst coverage, investor presentations, share price and dividend information. (https://baladna.com/investor-relations/)

    The Company uses the above link to update and publish information and data that have been already disclosed, in addition to other information related to the Company and its shareholders.

General Assembly Meeting

Baladna held its Constitutive General Assembly on 26 November 2019, and the following decisions were taken:

- Endorsement of the report on the Company's incorporation process and the expenses it entailed
- Approval of the Memorandum and Articles of Association of the Company
- Approval of the evaluation of the shares provided by the founders
- Approval of the Appointment of the First Board Members
- Approval of the appointment of the external auditor and their fees
- Authorization of the Board of Directors to take the necessary measures to appoint a Sharia supervisory committee
- Authorization of the Board of Directors to formulate a policy to repurchase the Company's shares when necessary and in accordance with the controls determined by the Qatar Financial Markets Authority and taking the necessary measures in this regard
- The announcement of the final establishment of the Company

During the year 2020, Baladna held an Extraordinary General Assembly Meeting on 7 April 2020 where the following was resolved:

- The Ex-AGM agreed to amend article No. 77 of the Company's Articles of Associations to allow the Company to distribute interim dividends to its shareholders.

Whistle-blowing

Baladna maintains robust guidelines, channels, safeguards and protection mechanisms to encourage whistle-blowing in Baladna. The Whistle-blowing Policy at Baladna encourages employees to raise genuine concerns within the Company without fear of reprisals, rather than overlooking a problem. The Whistleblowing Policy at Baladna provides guidelines on the whistle-blowing concept and sets minimum standards for these matters within Baladna to ensure that any such cases reported by the employees in good faith are properly dealt with. Thus, the objective of this policy is to provide employees with a channel for whistleblowing, to ensure that appropriate action is taken on a timely basis and to ensure that Baladna's reputation is maintained.

Generally, this misconduct is a violation of law(s), rule(s) and regulation(s): fraud, bribery, health and safety violations, corruption and/or a direct threat to public interest. Whistle-blowing encourages employees to report wrongdoings or violations that they are aware of or have suspicions or concerns about, to earmark the responsible and designated internal authority within Baladna, so that appropriate action can be taken immediately to resolve the problem. Furthermore, it serves to minimize the Company's exposure to reputational or financial damage that may occur when employees circumvent internal mechanisms and demonstrates to employees and stakeholders that Baladna is serious about adherence to its Code of Conduct

The Company's Irregularities

Baladna's Board of Directors and its top management are keen to implement all rules and regulations outlined in corporate governance and legal entities listed on the main market order issued by Qatar Financial Markets Authority and Commercial Companies Law No. (11) for 2015. Accordingly, the Company did not commit any irregularity during the period from 2 December 2019 "Establishment date" until 31 December 2020. There are no major lawsuits filed with the court against the Company that affect in any way the Company's operations, financial performance, and share price, which is still pending with no ruling up to the date of preparing this Governance report.

Conflict of Interests:

The Company adopts a policy that ensures the confidentiality and integrity for any reports of illegal actions relating to employees and general performance measures, which are clarified in Baladna's Code of Conduct. The Code includes the expected behavior of employees, particularly regarding compliance with laws and regulations.

Employees must avoid conflicts of interest, particularly in commercial transactions, business administration and activities, using the Company's assets, records and information, and relationships with related parties outside the Company. No employee may accept or request gifts or bribes, loans or bonuses, prizes or commissions. The Company is resolved to combat all forms of conflicts of interest in addition to other matters.

Furthermore, the Company complies with Articles 108, 109, 110 and 111 of the Commercial Companies Law No. 11 for 2015 that states the following:

1. The Chairman or a Board member may not participate/engage in any business that competes with the Company's business, or may not be involved, either on his/her own behalf or on others' behalf, in any type of business or activities in which the Company is engaged, otherwise the Company is entitled to ask him/her for compensation or take the ownership of the activities he/she is engaged in.
2. The Chairman, a Board member or a Director is not permitted to practice any activity that is similar to the Company's activities, or to have any direct or indirect interest in contracts, projects and covenants made in favor of the Company.
3. The Company may not offer a cash loan of any kind to any member of its Board of Directors or to guarantee any loan held by one of them with others, or make an agreement with banks or other credit companies to lend money to any of the Board members, or open a facility or guarantee a loan with other parties beyond the terms and conditions set by the Central Bank of Qatar. Agreements beyond the provisions of this Article will be considered null and void, and the Company retains its rights to request compensation when necessary from the offending parties.
4. It is prohibited for the Chairman and the Board Members or the Company's staff to take advantage of any information delivered to his/her knowledge by virtue of his/her membership or position for the benefit of him/herself, his/her spouse, his/her children or any of his relatives to 4th degree either directly or indirectly, as a result of dealing in company securities of the Company. Nor may they have any interest, directly or indirectly, with any entity conducting operations intended to make a change in the securities prices issued by the Company. This ban stays in effect for three years after the expiry of the person's membership in the Board of Directors or the expiry of his work in the Company.

Related Parties - Transactions

Due From Related Parties	**Thousand QR**
Related Parties	13,825

Due to Related Parties	
Related Parties	4,766
Transactions	
During the period from 2 December 2019 to 31 December 2020, Baladna entered into the following transactions with related parties	
Sales of Goods	26,107
Capex	78,200
Opex	44,377

Significant Events during 2020

- Successfully launched 96 new SKUs across all categories/channels and increased market share in every category
- Entry into new categories – UHT Creams and Processed Cheese
- Successfully delivered all products everyday throughout COVID-19 pandemic
- Signed major long term contracts including Widam, Ministry of Commerce and Industry, Brothers Food Industries Company and Veolia Water Technologies
- Major expansion of HORECA business as a result of newly awarded contracts to major customers including, Qatar Airways, American Military, Katara, Laqhia, Al Mana Group, Amwaj and Hamad Hospital.
- Interim dividend declaration of QR 40mn in April 2020 (QR 0.021 per share)
- Inclusion in MSCI small cap index effective 1 June 2020
- Inclusion of QE index, QE Al Rayan Islamic Index and QE All Share Index & Sectors effective 1 of October 2020

Director's Report on Internal Controls Over Financial Reporting (ICOFR)

Assessment Report on Internal Control Over Financial Reporting:

The Board of Directors of Baladna (Q.P.S.C.) ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

We have conducted an evaluation of the design, implementation and the operating effectiveness of internal controls over financial reporting, as of 31 December 2020, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

We have covered all the material aspects of the business in its assessment of internal control over financial reporting as of 31 December 2020 for the period from 2 December 2019 to 31 December 2020.

The Company's statutory auditor, Moore Stephens and Partners Certified Public Accountants (Moore), Qatar, has issued a reasonable assurance report on our assessment of ICOFR.

1. Risks in Financial Reporting

The main risks in financial reporting are that either financial statements do not present a true and fair view due to unintentional or intentional errors (fraud) or the publication of financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement amounts, or disclosures contain misstatements (or omissions) that are material.

Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the financial statements.

To restrain those risks of financial reporting, Baladna has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. The Company conducted an assessment of the effectiveness of Baladna's internal control over financial reporting based on the framework established in the Internal Control Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate adequacy of a control system.

The COSO Framework includes 17 basic principles, and the following five components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Controls covering each of the 17 principles and five components have been identified and documented. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence/Occurrence – assets and liabilities exist and transactions have occurred.
- Completeness – all transactions are recorded; account balances are included in the financial statements.
- Valuation / Measurement – assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- Rights and Obligations and ownership – rights and obligations are appropriately recorded as assets and liabilities.
- Presentation and disclosures – classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well conceived and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

2. Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business functions and infrastructure functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements on a quarterly basis. As a result, the operation of ICOFR involves staff based in various functions across the organization.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties,
- operate on a periodic basis such as those which are performed as part of the annual financial statement preparation process,
- are preventative or detective in nature,
- have a direct or indirect impact on the financial statements themselves. Controls which have an indirect effect on the financial statements include entity level controls and IT general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item, and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

3. Measuring Design, Implementation and Operating Effectiveness of Internal Control

The Company has undertaken a formal evaluation of the adequacy of the design, implementation, and operating effectiveness of the system of ICOFR. This evaluation incorporates an assessment of the design, implementation, and operating effectiveness of the control environment as well as individual controls which make up the system of ICOFR taking into account:

- The risk of misstatement of the financial statement line items, considering such factors as materiality and the susceptibility of the particular financial statement item to misstatement.
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature and extent of evidence that management requires in order to be able to assess whether or not the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Revenue, Receipts and Receivables, Treasury, Procurement to Payment, Human Resources and Payroll, Fixed Assets and Intangibles, Inventory, General Ledger and Financial Reporting, IT Controls, Entity Level Controls and Disclosure Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented and operated effectively as of 31 December 2020.

Independent Assurance Report on the Compliance with the QFMA's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market

To the
Shareholders of Baladna Q.P.S.C
Doha - State of Qatar

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over Board of Directors' assessment of compliance of Baladna Q.P.S.C referred as the "Company" with the QFMA's law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market (the "Code") as of 31 December 2020 as noted in the Board of Director's Corporate Governance Report (Corporate Governance Report), excluding provisions listed under Other information section of this report.

Responsibilities of the Directors and those Charged with Governance

The Board of Directors of the Company are responsible for preparing the accompanying Corporate Governance Report that covers at a minimum the requirements of Article 4 of the Code.

The Board of Directors are also responsible for ensuring the Company's compliance with the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 and preparing the, 'Report on compliance with the QFMA's law and relevant legislations, including the Code', as set out in the Corporate Governance Report.

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the "Board of Directors' Governance Report on compliance with the QFMA's law and relevant legislations, including the Code" presented in the Corporate Governance Report do not present fairly, in all material respects, the Company's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures.

Reporting on Compliance with QFMA's Law and Relevant Legislations, Including the Code

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' statement of compliance with the QFMA's law and relevant legislations, including the Code, taken as a whole, is not prepared in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' statement of compliance with the QFMA's law and relevant legislations, including the Code, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Accordingly, we do not express a reasonable assurance opinion about whether the Board of Directors' statement of compliance with the QFMA's law and relevant legislations, including the Code, taken as a whole has been prepared, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies of the Company, and agreeing with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we :

- made inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations, including the Code (the 'Requirements'); the procedures adopted by management to comply with these Requirements and the methodology adopted by management to assess compliance with these Requirements. This included analysing the key processes and controls for reporting compliance with the Requirements;
- considered the disclosures by comparing the contents of the Corporate Governance Report against the requirements of Article 4 of the Code;
- agreed the relevant contents of the Corporate Governance Report to the underlying records maintained by the legal and compliance department of the Company;
- performed limited substantive testing on a selective basis, when deemed necessary, to assess compliance with the Requirements, and observed evidences gathered by the Company's management and assessed whether violations of the Requirements, if any, have been disclosed by the Board of Directors, in all material respects.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the (IESBA) Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Governance Report and the methods used for determining such information.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the Directors' Report on compliance with QFMA's law and relevant legislations including the Code' presented in the "Directors' Statement" which we obtained prior to the date of this assurance report.

Our conclusion on the Board of Director's Corporate Governance Report on compliance with applicable QFMA laws and relevant legislations including the Code does not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the applicable sections of the Corporate Governance Report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Corporate Governance report or our knowledge obtained in the engagement, 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 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.

When we read the complete Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the QFMA.

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors' report on compliance with QFMA's law and relevant legislations, including the Code, as presented in Board of Director's Corporate Governance Report, do not present fairly, in all material respects, the Company's compliance with the QFMA's law and relevant legislations, including the Code as at 31 December 2020.

Moore Stephens and Partners
Certified Public Accountants

Fathi Abu Farah
Member of Qatar Association of
Certified Public Accountant
License No. 294
QFMA Auditor License No. 120189

Doha – Qatar
17 March 2021

Independent Assurance Report on the Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls Over Financial Reporting

To the Shareholders of Baladna Q.P.S.C.
Doha – State of Qatar

Report on the Directors' assessment of the suitability of the design, implementation and operating effectiveness of internal controls over financial reporting of significant processes as of 31 December 2020 of Baladna Q.P.S.C hereinafter referred to as the " Company" and its subsidiaries together referred as the "Group" in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016.

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Management's Internal Control Statement on assessment of suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting (Management Internal Control Statement) as of 31 December 2020, based on the framework issued by the Committee of Sponsoring Organisations of the Treadway Commission "COSO framework".

Responsibilities of the Directors and those Charged with Governance

The Board of Directors are responsible for implementing and maintaining effective internal control over financial reporting. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies, and making accounting estimates and judgements that are reasonable in the circumstances.

The Group's assessment of its internal control system is presented by the Management to the Board of Directors in the form of the Management's Internal Control Statement contained in the Corporate Governance Report, which includes:

- the management's assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the Significant Process of (general IT and application controls, entity level controls, revenues, receivables, inventory management, fixed assets, treasury and cash management, biological assets, payroll, financial reporting and periodic closing of the financial records);
- the control objectives; including identifying the risks that threaten the achievement of the control objectives;
- designing, implementing and maintaining controls to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

The Group has assessed the design, implementation and operating effectiveness of its internal control system as at 31 December 2020, based on the criteria established in the Internal Control- Integrated Framework 2013 issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO framework"). These responsibilities include the design adequate internal financial controls that would ensure the orderly and efficient conduct of its business, including:

- adherence to the Group's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

Responsibilities of the Assurance Practitioner

Express a reasonable assurance opinion on the fairness of the presentation of Management's Internal Control Statement, based on the criteria established in COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of the Group's internal controls over financial reporting of "Significant Processes" presented in the Corporate Governance Report to achieve the related control objectives stated in that description based on our assurance procedures.

Reporting on Internal Controls over Financial Reporting

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance on the Management's Internal Control Statement over assessment of suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting of significant processes of (general IT and application controls, entity level controls, revenues, receivables, inventory management, fixed assets, treasury and cash management, biological assets, payroll, financial reporting and periodic closing of the financial records) in all material respects, to achieve the related control objectives stated in the description of the relevant processes by management, based on the COSO framework.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to impact the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: (revenues, receivables, inventory management, fixed assets, treasury and cash management, investment management, payroll, financial reporting and periodic closing of the financial records).

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the design, implementation and operating effectiveness of the controls in an organization involves performing procedures to obtain evidence about the suitability of design and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included:

- obtaining an understanding of internal controls over financial reporting for significant processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design, implementation and operating effectiveness of internal control based on the assessed risk.

In carrying out our engagement, we obtained understanding of the following components of the control system:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design and operating effectiveness, whether due to fraud or error. Our procedures also included assessing the risks that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the Corporate Governance Report. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the Corporate Governance Report were achieved.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Management's Internal Control Statement over their assessment of the suitability of design and operating effectiveness of the Group's internal controls over financial reporting.

Our Independence and Quality Control:

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the (IESBA) Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Meaning of Internal Controls Over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the International Financial Reporting Standards, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations

Because of the inherent limitations of internal financial controls over financial reporting and compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated as of 31 December 2020 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting and compliance with applicable laws and regulations prior to the date those controls were placed in operation.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Corporate Governance Report but, does not include Management's Internal Control Statement.

Our conclusion on the Management's Internal Control Statement does not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

If, based on the work we have performed, on the other information that we obtained prior to the date of this 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.

When we read the complete Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the QFMA.

Opinion

In our opinion the Directors' ICFR Report forming part of the Annual Corporate Governance Report, is fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as of 31 December 2020.

Moore Stephen and Partners Doha – Qatar
Certified Public Accountants 17 March 2021

Fathi Abu Farah
Member of Qatar Association of Certified Public Accountant
License No. 294
QFMA Auditor License No. 120189

Financial Statements

1. Independent Auditor's Report
2. Consolidated Statement of Profit or Loss and Other Comprehensive Income
3. Consolidated Statement of Financial Position
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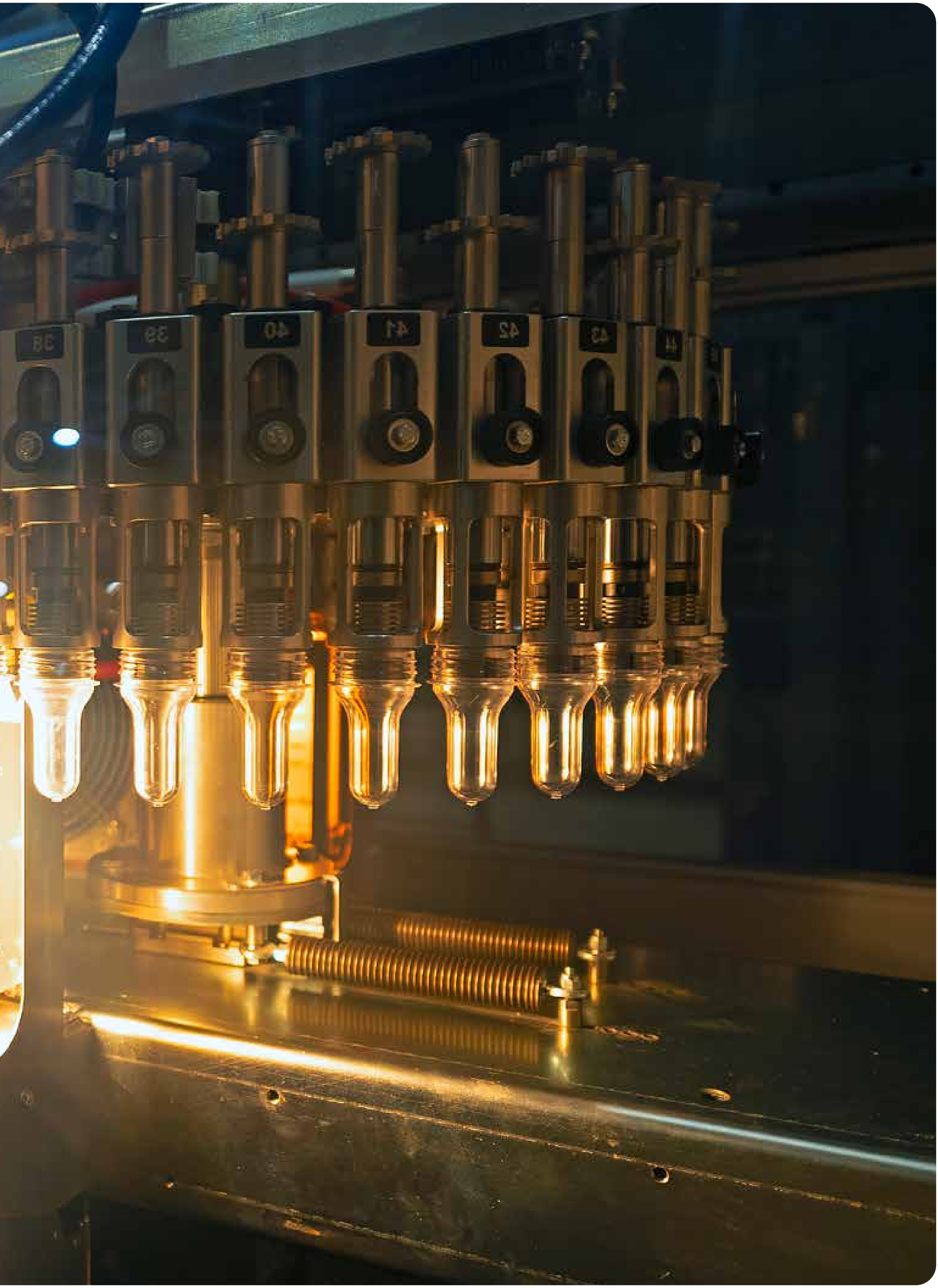

INDEPENDENT AUDITOR'S REPORT

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 as at 31 December 2020, and the 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 period from 2 December 2019 (the "Establishment Date") to 31 December 2020, 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 of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the period from 2 December 2019 to 31 December 2020 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 814,786,221 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.	We tested revenue through a combination of controls testing, data analytics and substantive audit procedures covering, in particular: • 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; • Testing general controls, covering pervasive IT risks around access security, change management, data centers and network operations; • Testing IT application controls around input, data validation and processing of transactions;

Key Audit Matters	How our audit addressed the key audit matters
Refer to the following notes of the consolidated financial statements. • Note 3.2 – Significant accounting policies; • Note 4 – Revenue; and • Note 3.3 – Significant accounting judgments, estimates and assumptions	• 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; and • Testing and validating controls implemented on the revenue recognition software. Further, we instructed and ensured that the component auditors of the Group's significant entities have performed consistence audit procedures as per above, as applicable. We also assess the overall presentation, structure and content of revenue related disclosers in notes 3.2, 3.3 and 4 to the consolidated financial statements.
Fair Valuation of Biological Assets IAS 41 "Agriculture" requires biological assets to be measured at fair value less costs to sell, unless the fair value cannot be reliably measured. The balance of the Group's biological assets, which are measured at fair value less cost to sell. Management has used valuation method developed based on past information, assumptions, market prices of livestock of similar age, pregnancy, lactations and milk production. 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. Refer to the following notes of the consolidated financial statements. • Note 3.2 – Significant accounting policies; • Note 14 – Biological assets.	Our audit procedures included, • 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.

Other information

Management is responsible for other information. The other information comprise 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.
- 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

17 March 2021
Doha, State of Qatar

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

	Note	For the period from Establishment Date to 31 December 2020 QR
Revenue	4	**814,786,221**
Cost of revenue	5	**(578,001,396)**
Gross profit		**236,784,825**
Other income	6	**171,669,662**
Selling and distribution expenses	7	**(99,581,148)**
General and administrative expenses	8	**(114,922,232)**
Operating profit for the period		**193,951,107**
Finance cost and bank charges	9	**(41,586,621)**
Profit before income tax		**152,364,486**
Income tax expense	10	**(235,464)**
Profit after tax for the period		**152,129,022**
Other comprehensive income		**-**
Total comprehensive income for the period		**152,129,022**
Basic and diluted earnings per share (Expressed in QR per share)	25	**0.082**

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31 December 2020 QR
ASSETS		
Non-current assets		
Property, plant and equipment	11	**2,721,930,160**
Right-of-use assets	12	**53,178,382**
Intangible assets	13	**3,961,369**
Biological assets	14	**185,892,542**
Total non-current assets		**2,964,962,453**
Current assets		
Biological assets	14	**731,201**
Inventories	15	**300,745,432**
Due from related parties	26	**13,825,107**
Trade and other receivables	16	**330,032,693**
Cash and bank balances	17	**12,374,473**
Total current assets		**657,708,906**
TOTAL ASSETS		**3,622,671,359**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	18	**1,901,000,000**
Legal reserve	19	**15,712,903**
Acquisition reserve	20	**201,123,011**
Retained earnings		**123,458,819**
TOTAL SHAREHOLDERS' EQUITY		**2,241,294,733**
LIABILITIES		
Non-current liabilities		
Lease liabilities	21	**41,691,683**
Borrowings	22	**995,327,524**
Employees' end of service benefits	23	**7,652,625**
Total non-current liabilities		**1,044,671,832**
Current liabilities		
Lease liabilities	21	**12,912,104**
Due to related parties	26	**4,766,282**
Trade and other payables	24	**185,328,762**
Borrowings	22	**82,387,267**
Bank overdrafts	17	**51,310,379**
Total current liabilities		**336,704,794**
TOTAL LIABILITIES		**1,381,376,626**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,622,671,359**

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

Mr. Ramez Mhd Ruslan Al Khayat
Managing Director

Mr. Malcolm Jordan
Chief Executive Officer

Mr. Saifullah Khan
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

	Share capital QR	Legal reserve QR	Founders' current account QR	Acquisition reserve QR	Retained earnings QR	Total QR
As at Establishment Date	-	500,000	675,373,011	-	39,578,354	715,451,365
IPO and listing expenses	-	-	-	-	(9,232,428)	(9,232,428)
Capital contribution **(Note 18)**	1,901,000,000	-	-	-	-	1,901,000,000
Profit for the period	-	-	-	-	152,129,022	152,129,022
Interim dividend declared **(Note 27)**	-	-	-	-	(40,000,000)	(40,000,000)
Transfer to legal reserve **(Note 19)**	-	15,212,903	-	-	(15,212,903)	-
Transfer to social and sports fund **(Note 34)**	-	-	-	-	(3,803,226)	(3,803,226)
Net movement in Founders' current account **(Note 20)**	-	-	(675,373,011)	-	-	(675,373,011)
Net movement in acquisition reserve **(Note 20)**	-	-	-	201,123,011	-	201,123,011
As at 31 December 2020	**1,901,000,000**	**15,712,903**	**-**	**201,123,011**	**123,458,819**	**2,241,294,733**

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

	Note	For the period from Establishment Date to 31 December 2020 QR
OPERATING ACTIVITIES		
Profit before tax for the period		**152,364,486**
Adjustments for:		
Depreciation of property, plant and equipment	11	**105,981,992**
Depreciation of right-of-use assets	12	**21,217,380**
Amortization of intangible assets	13	**1,362,976**
Provision for employees' end of service benefits	23	**3,922,656**
Impairment loss allowance on trade receivables	16	**721,872**
Loss on disposal of property, plant and equipment	6	**123,392**
Gain arising from change in fair value of biological assets	14	**(34,808,880)**
Cost of slaughtered animals disposed and transfer	14	**9,368,921**
Loss from death of livestock	14	**7,609,277**
Interest on lease liabilities	21	**4,218,923**
Finance cost		**37,467,915**
Operating cash flow before movement in working capital		**309,550,910**
Changes in:		
Inventories		**(95,716,578)**
Due from related parties		**8,553,854**
Trade and other receivables		**57,609,584**
Due to related parties		**(294,477)**
Trade and other payables		**62,780,955**
Cash generated from operating activities		**342,484,248**
Employees' end of service benefit paid	23	**(1,374,106)**
Finance cost paid		**(45,685,576)**
Interest on lease liabilities paid		**(4,218,923)**
Income tax paid		**(35,464)**
Net cash generated from operating activities		**291,170,179**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	11	**(218,324,128)**
Proceeds from disposal of property, plant and equipment		**20,381**
Purchase of intangible assets	13	**(650,305)**
Net movement on biological assets		**(1,880,079)**
Net cash used in investing activities		**(220,834,131)**
FINANCING ACTIVITIES		
Net proceeds from Initial Public Offering (IPO)		**1,425,750,000**
Net movement in borrowings		**(1,413,974,404)**
Principal elements of lease payments		**(21,310,988)**
Interim dividend paid		**(32,014,413)**
Net movement in restricted cash		**6,778,402**
Net cash used in financing activities		**(34,771,403)**
Net increase in cash and cash equivalents		**35,564,645**
Cash and cash equivalents at Establishment Date		**(74,500,551)**
Cash and cash equivalents at the end of the period	17	**(38,935,906)**

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

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.

On 11 April, 2019, the founders of the Company received the ministerial decision from the Ministry of Commerce and Industry to establish the Company pursuant to the provisions of Qatar Commercial Companies Law.

On 14 October, 2019, Ministry of Justice attested the articles of association for the Company.

The process of initial public offering (IPO) was started on 27 October 2019 and closed on 7 November 2019.

On 26 November 2019, the constitutive general assembly was held to announce establishing the Company.

On 2 December 2019, the Company completed the process of acquiring 100% issued share capital of Baladna food industries W.L.L.

On 4 December, 2019, the Company obtained an approval from Qatar Financial Market Authority (QFMA) on listing the Company's share on Qatar Exchange.

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%

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.

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

The consolidated financial statements of the Group for the period from Establishment Date to 31 December 2020 were authorized for issue in accordance with a resolution of the Board of Directors of the Group on 17 March 2021.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended standard adopted by the Group

The consolidated financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2020. 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 IFRS 16 'Leases' provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID-19 pandemic and meets specified conditions, as if they were not lease modifications. Although, the amendment is applicable for annual periods commencing on or after 1 June 2020, the Group has early adopted the amendment.
- Amendments to references to the Conceptual Framework in IFRS sets out amongst other details, the objectives of general purpose financial reporting and the qualitative characteristics of useful financial information.
- Amendments to IFRS 3 'Business combinations' have amended the definition of business to be more specific, Appendix A 'Defined terms', the application guidance and the illustrative examples of IFRS 3.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' have clarified the definition of 'material' and aligned the definition used in the Conceptual Framework and the standards.
- Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' have modified some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the inter-bank offered rate reform. In addition, the amendments require entities to provide additional information about their hedging relationships which are directly affected by these uncertainties.

The Management believes the adoption of the above amendments has not had any material impact on the recognition, measurement, presentation and disclosure of items in the consolidated financial statements for the current accounting period.

2.2 New and amended IFRS which are in issue but not yet effective

At the end of the reporting period, the following significant new and revised standards were in issue but not yet effective:

- IFRS 17 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective for annual periods commencing on or after 1 January 2023.
- Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

- Amendments to IAS 16 'Property, plant and equipment' require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 1 January 2022.
- Amendments to IFRS 3 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 1 January 2022.
- Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018–2020 amend:
  - IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
  - IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
  - IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
  - IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.

The amendments are applicable for annual periods commencing on or after 1 January 2022.

- Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture.

The Management believes the adoption of the above amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the consolidated financial statements for future periods.

3. Basis of preparation and significant accounting policies and estimates

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.

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 biological assets which have been measured at fair value.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

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.

3.2 Significant accounting policies
The principal accounting policies that have been applied consistently by the Group to all periods presented in these consolidated financial statements, except for the adoption of IFRS 16 using the modified retrospective approach, are set out below.

Revenue recognition
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. 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.

Sale of dairy, livestock for meat and consumables
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 30-60 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.

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.

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

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.

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.

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Intangible assets

Intangible assets represent the cost of brand name 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. 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 realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had not impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortised cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, amounts due from related parties, other receivables and bank balances.

There were no financial assets held by the Group classified under any other category than amortised cost.

(iii) Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

(i) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, lease liabilities, borrowings, bank overdraft and due to related parties. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

(ii) Subsequent measurement

Trade and other payables
This is the category most relevant to the Group. After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(iii) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables and due from related parties, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For short-term deposits with banks and other deposits, the Group has applied the general approach to determine credit losses under 12-month ECL considering that there has not been significant increase in credit risk associated with these debt instruments.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

Income tax

The Group applies its income tax in accordance with the new Qatar Income Tax Law No. 24 of 2018 and the new Income Tax Executive Regulations (ER) was introduced in State of Qatar which repeals and replaced the old Executive Regulations.

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.

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.

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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

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.

Borrowings
After initial recognition at fair value net of directly attributable transaction costs, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest 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 interest rate method amortisation process.

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 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).

Leases
The Group has adopted IFRS 16 using the modified retrospective transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4 issued by the International Financial Reporting Interpretations Committee.

At the inception of the contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this maybe specified explicitly or implicitly in the contract and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset, i.e., the Group has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used

Group as lessee
The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use of asset
The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities
Lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the fixed payments (including in-substance fixed payments), less any lease incentives receivable, for the right to use the underlying asset during the lease term that are not paid at the commencement date. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities is remeasured as described above, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease and non-lease components
At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. However for the leases of land and buildings for which it is a lessee, the Group has elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

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Extension and termination options

Where extension and termination options are included in the lease contracts, these are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension and termination options. The Group reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group assesses the value of the underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased. The Group treats the underlying assets as low-value when a new one has a value of USD 5,000 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 30 to the consolidated financial statements.

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.

3.3 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments

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:

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 appropriate method of recognising revenue. The Group has assessed that based on the contract, the Group does not create an asset with an alternative use to the Group, the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time and in other cases, revenue is recognised at a point in time.

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.

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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.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The significant management estimates and key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

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.

Change in estimate

During the period, the Group conducted an operational efficiency review of its property, plant and equipment, which resulted in changes in the expected usage of certain assets under property, plant and equipment. The expected useful lives of certain assets under property, plant and equipment have increased. The effect of these changes has decreased the actual depreciation expense, included in cost of revenue, selling and distribution expense and general and administrative expense.

Use of incremental rate of borrowing

For measuring the lease liability, the Group discounted the lease payments based on its incremental rate of borrowing as on 1 January 2019, i.e. 4%. The definition of incremental borrowing 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.

4. Revenue

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

a) Type of goods or services

	For the period from Establishment Date to 31 December 2020 QR
Dairy sales	**737,840,699**
Juice sales	**48,507,173**
Livestock sales	**16,613,449**
Compost and manure sales	**8,927,247**
Plastic sales	**2,124,700**
Feed sales	**768,972**
Other sales	**3,981**
	814,786,221

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	**814,786,221**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

5. Cost of revenue

	For the period from Establishment Date to 31 December 2020 QR
Cost of dairy milk and packaging material	**468,481,565**
Cost of feeds	**192,619,954**
Depreciation of property, plant and equipment **(Note 11)**	**98,565,205**
Direct wages	**68,232,322**
Rent and maintenance	**39,061,328**
Cost of livestock **(Note 14)**	**22,988,606**
Utilities	**17,989,600**
Production related indirect expenses	**17,568,495**
Product disposal and provision for slow moving inventories	**11,817,593**
Cost of medicine	**9,909,964**
Loss from death of livestock **(Note 14)**	**7,609,277**
Cost of disposed slaughtered animals	**7,322,163**
Cost of slaughtered animals	**2,046,758**
Cost of feeds sold	**669,572**
COVID-19 Expenses	**586,433**
Amortization of intangibles **(Note 13)**	**96,769**
Others	**2,643,001**
	968,208,605
Less:	
Net fair value gain on milk produced	**(355,398,329)**
Net fair value gain on biological assets **(Note 14)**	**(34,808,880)**
	578,001,396

6. Other income

	For the period from Establishment Date to 31 December 2020 QR
Government support **(Note i)**	**164,431,464**
Rental income	**1,076,123**
Loss on disposal of property, plant and equipment	**(123,392)**
Miscellaneous income	**6,285,467**
	171,669,662

Note i:
During the period, the Group's wholly owned subsidiary has recognised a support from the Government amounting toQR 164,431,464. 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 2020, management believes that these conditions have been satisfactorily achieved, accordingly, the support has been recognised.

7. Selling and distribution expenses

	For the period from Establishment Date to 31 December 2020 QR
Staff cost	**46,601,247**
Advertising and promotion	**23,697,519**
Management fees **(Note i)**	**11,784,178**
Water, electricity and fuel	**5,228,118**
Depreciation of property, plant and equipment **(Note 11)**	**5,158,534**
COVID-19 expenses	**3,684,905**
Provision for doubtful debts	**721,872**
Insurance	**378,453**
Communication	**274,783**
Amortization of intangibles **(Note 13)**	**160,947**
Transportation	**68,104**
Government fees	**3,160**
Others	**1,819,328**
	99,581,148

Note i:
This amount represents management fee paid to a third party under revised term of contract whereby it will cease to act as sole distributor and will continue to provide support.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

8. General and administrative expenses

	For the period from Establishment Date to 31 December 2020 QR
Professional charges	**26,999,827**
Staff cost	**25,499,387**
Depreciation of right-of-use assets **(Note 12)**	**21,217,380**
Communication	**10,893,905**
Insurance	**9,655,972**
Board remuneration	**2,800,883**
Charity and donations	**2,373,979**
Depreciation of property, plant and equipment **(Note 11)**	**2,258,253**
Amortization of intangible assets **(Note 13)**	**1,105,260**
Rent and maintenance	**925,379**
Governmental fees	**644,446**
COVID-19 expenses	**546,652**
Stationery and printing	**100,382**
Others	**9,900,527**
	114,922,232

9. Finance cost and bank charges

	For the period from Establishment Date to 31 December 2020 QR
Interest on loans and borrowings	**36,130,838**
Interest on bank overdrafts	**1,012,636**
Exchange gain	**(100,217)**
Lease interest expense **(Note 21)**	**4,218,923**
Finance cost on financing transactions	**324,441**
	41,586,621

10. 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:

	For the period from Establishment Date to 31 December 2020 QR
Income tax expense reported in the consolidated statement of profit or loss	**235,464**
Tax rate	**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.

11. 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
31 December 2020							
Cost:							
As at Establishment Date	55,200,100	1,709,611,423	651,103,416	53,614,214	32,704,518	256,254,931	2,758,488,602
Additions during the period	-	11,352,182	14,603,117	7,694,301	5,734,610	178,939,918	218,324,128
Transfers during the period	-	32,069,215	201,659,185	423,500	9,825,182	(243,977,082)	-
Disposals during the period	-	(15,319)	(901,973)	(236,281)	(1,375,600)	-	(2,529,173)
Transfer to intangible assets during the period **(Note 13)**	-	-	-	-	-	(1,777,732)	(1,777,732)
As at 31 December 2020	55,200,100	1,753,017,501	866,463,745	61,495,734	46,888,710	189,440,035	2,972,505,825
Accumulated depreciation:							
As at Establishment Date	-	82,712,973	42,171,327	11,412,390	9,247,383	-	145,544,073
Charge for the period	-	45,460,597	42,772,236	5,410,991	12,338,168	-	105,981,992
Related to disposals during the period	-	(10,443)	(87,960)	(19,794)	(832,203)	-	(950,400)
As at 31 December 2020	-	128,163,127	84,855,603	16,803,587	20,753,348	-	250,575,665
Net book value							
As at 31 December 2020	55,200,100	1,624,854,374	781,608,142	44,692,147	26,135,362	189,440,035	2,721,930,160

Notes:
(a) Capital work-in-progress represents expenses incurred by the Group in respect of construction of farm and factories.
(b) Capital work in progress includes building of cows' farm in Um Al Hawaya, constructed by a related party for the expansion of the Group operations. Transfers from capital work in progress during the period represent the barns and machineries capitalized upon completion of necessary construction and installation work. These constructions are funded mainly from loan proceeds from a local bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

Additions to the property, plant and equipment during the period included the following transactions with related parties:

Related party	Nature of transactions	For the period from Establishment Date to 31 December 2020 QR
Urbacon Trading and Contracting W.L.L.	Construction work	**54,756,775**
Radiant Engineering Enterprises W.L.L.	Supply and installation of utilities	**22,205,252**
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Purchase of vehicles	**889,596**
Credo Trading Company W.L.L.	Supply and installation of IT equipment	**284,143**
Joury Tour & Travels W.L.L.	Logistics	**29,605**
Steel Master W.L.L.	Supply and installation of furniture and fixtures	**22,600**
Challenger Trading W.L.L.	Manpower supply	**12,084**

Depreciation expenses charged for the period from Establishment Date to 31 December 2020 are allocated as follows:

	For the period from Establishment Date to 31 December 2020 QR
Cost of revenue **(Note 5)**	**98,565,205**
Selling and distribution expenses **(Note 7)**	**5,158,534**
General and administrative expenses **(Note 8)**	**2,258,253**
	105,981,992

12. Right-of-use assets

	31 December 2020 QR
Cost:	
As at Establishment Date	**23,381,734**
Additions during the period	**65,911,604**
Disposal during the period	**(16,665,653)**
As at 31 December 2020	**72,627,685**
Accumulated depreciation:	
As at Establishment Date	**1,655,942**
Charge for the period **(Note 8)**	**21,217,380**
Disposals for the period	**(3,424,019)**
As at 31 December 2020	**19,449,303**
Net carrying amounts as at 31 December 2020	**53,178,382**

13. Intangible assets

	31 December 2020 QR
Cost:	
As at Establishment Date	**4,130,100**
Additions during the period	**650,305**
Transfer from capital work in progress (Note 11)	**1,777,732**
As at 31 December 2020	**6,558,137**
Accumulated amortization:	
As at Establishment Date	**1,233,792**
Charge for the period	**1,362,976**
As at 31 December 2020	**2,596,768**
Net carrying amounts as at 31 December 2020	**3,961,369**

Amortization expenses charged for the period from Establishment Date to 31 December 2020 are allocated as follows:

	For the period from Establishment Date to 31 December 2020 QR
Cost of revenue **(Note 5)**	**96,769**
Selling and distribution expenses **(Note 7)**	**160,947**
General and administrative expenses **(Note 8)**	**1,105,260**
	1,362,976

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

14. 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:

	31 December 2020 QR
As at Establishment Date	166,912,982
Purchases	24,868,685
Gain arising from change in the fair value of biological assets **(Note 5)**	34,808,880
Cost of sale of livestock **(Note 5)**	(22,988,606)
Transfer to slaughtered animals' inventories	(9,368,921)
Loss from death of livestock **(Note 5)**	(7,609,277)
As at 31 December 2020	186,623,743
Current livestock	731,201
Non-current livestock	185,892,542
	186,623,743
Mature livestock	113,733,643
Immature livestock	72,890,100
	186,623,743
The quantity of livestock owned by the Group is as follows:	
Mature livestock	11,712
Immature livestock	10,538
	22,250

15. Inventories

	31 December 2020 QR
Feed inventory	117,837,189
Dairy packaging and raw material inventory	107,174,636
Spare parts	31,862,059
Dairy finished goods inventory	20,190,548
Juice packaging and raw material inventory	11,327,886
Chemical and medicine inventory	4,398,363
Juice finished goods inventory	2,100,236
Plastic inventory	64,006
Others	8,898,138
	303,853,061
Less : Provision for slow moving inventories	(3,107,629)
	300,745,432

The movement in provision for slow moving inventories is as follows:

	31 December 2020 QR
As at Establishment Date	14,505,232
Reversals during the period	(11,397,603)
As at 31 December	3,107,629

16. Trade and other receivables

	31 December 2020 QR
Trade receivables	80,325,515
Less: Impairment loss allowance	(1,550,164)
	78,775,351
Government support	143,715,228
Advance to suppliers	78,529,047
Prepaid expenses	25,193,480
Deferred interest	3,789,493
Staff receivables	3,094
Other receivables	27,000
	330,032,693

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

	31 December 2020 QR
As at Establishment Date	**966,279**
Provided during the period **(Note 7)**	**721,872**
Written off during the period	**(137,987)**
As at 31 December	**1,550,164**

(a) Unimpaired receivables are considered collectible based on historic experience and no interest is charged on the trade receivables.
(b) The other classes within trade and other receivables do not contain impaired assets.

17. Cash and cash equivalents

	31 December 2020 QR
Cash on hand	**222,972**
Bank balances **(Note i)**	**12,151,501**
Cash and bank balances	**12,374,473**
Bank overdraft	**(51,310,379)**
Cash and cash equivalents	**(38,935,906)**

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 month 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.

18. Share capital

	31 December 2020	
	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**

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.

The structure of the share capital upon completion of initial public offering (IPO) process was as follows:

Description	Percentage	Number of shares	Amount QR
In-kind shares subscribed by the Company's Founders **(Note 20)**	25%	475,250,000	475,250,000
Cash shares subscribed by strategic investors	23%	437,230,000	437,230,000
Cash shares subscribed by Initial Public Offering (IPO)	52%	988,520,000	988,520,000
	100%	1,901,000,000	1,901,000,000

19. 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.

20. 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 as follows:

Description	Amount QR
Founders' current account as at Establishment Date	675,373,011
Adjustment of the share capital of Baladna Food Industries W.L.L.	1,000,000
Issuance of in-kind shares subscribed by the Founders **(Note 18)**	(475,250,000)
Acquisition reserve	201,123,011

21. Leases liabilities

Description	31 December 2020 QR
As at Establishment Date	23,729,319
Additions during the period	65,911,604
Disposal during the period	(13,726,148)
Interest expense charged during the period **(Note 9)**	4,218,923
Repayments during the period	(25,529,911)
As at 31 December 2020	54,603,787
Current portion	12,912,104
Non-current portion	41,691,683
	54,603,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

22. Borrowings

	31 December 2020 QR
Loan 1 **(Note i)**	**1,021,327,524**
Loan 2 **(Note ii)**	**56,387,267**
	1,077,714,791
Current portion	**82,387,267**
Non-current portion	**995,327,524**
	1,077,714,791

Notes:

(i) Loan 1, was obtained by the Company's subsidiary (Baladna Food Industries W.L.L.) from a local bank to finance the construction of cows' farm and working capital requirements. During the period, the loan was partially settled by using the cash injected by the Company to its subsidiary. Further, after the partial settlement, this loan has been restructured as murabaha finance payable in 16 years with a grace period of 18 months carrying interest at the rate of 3.5% per annum. The latest murabaha agreement has superseded the previous documentation and there are no collaterals against the loan.

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

23. Employees' end of service benefits

	31 December 2020 QR
As at Establishment Date	**5,104,075**
Provision Provided during the period	**3,922,656**
Payments made during the period	**(1,374,106)**
As at 31 December	**7,652,625**

24. Trade and other payables

	31 December 2020 QR
Trade payables	**119,458,063**
Accrued expenses	**42,957,040**
Provision for social and sports fund	**3,803,226**
Income tax payable	**200,000**
Other liabilities	**18,910,433**
	185,328,762

25. Basic and diluted earnings per share

	31 December 2020 QR
Profit for the period (QR)	152,129,022
Weighted average number of shares outstanding during the period	1,857,795,455
Basic and diluted earnings per share (QR)	0.082

26. 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

	For the period from Establishment Date to 31 December 2020 QR	
	Sales QR	Purchases QR
Affiliates	25,991,493	44,377,233
Others	115,988	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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b) Due from related parties

	31 December 2020 QR
Affiliates	
Palmera Agricultural Business W.L.L.	**6,369,248**
Yemek Doha Catering Services W.L.L.	**4,730,020**
Aura Hospitality and Food Services W.L.L.	**1,438,460**
Radiant Engineering Enterprises W.L.L.	**438,402**
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	**229,140**
Sazeli Restaurant W.L.L.	**118,561**
Orient Pearl Restaurant L.L.C.	**63,772**
Damasca Restaurant W.L.L.	**47,463**
Elegancia Hospitality Services W.L.L.	**42,773**
Aura Entertainment W.L.L.	**21,771**
Arab Builders Trading and Contracting W.L.L.	**15,721**
Board of Directors	
Mr. Moutaz Mohammad Al Khayyat	**309,776**
	13,825,107

c) Due to related parties

	31 December 2020 QR
Affiliates	
Urbacon Trading and Contracting W.L.L.	**3,228,866**
Power International Holding W.L.L.	**464,032**
Gabromix for Trade and Transport W.L.L.	**293,017**
Stark Security Services W.L.L.	**267,887**
Assets Real Estate Development Co. WLL	**199,000**
Joury Tour & Travels W.L.L.	**177,671**
Credo Trading Company W.L.L.	**81,080**
Steel Master Limited for Trading W.L.L.	**37,808**
Printshop for Printing Services W.L.L.	**10,531**
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	**600**
Others	**5,790**
	4,766,282

d) Compensation of key management personnel

	For the period from Establishment Date to 31 December 2020 QR
Salaries and short-term benefits	**17,477,394**
Employees' end of service benefits	**526,125**
	18,003,519

27. Dividend

On 27 April 2020, the Board of Directors of the Group passed a resolution to distribute interim dividend approximating QR 40,000,000, equivalent to QR 0.021 per share.

28. Financial risk

28.1 Financial risk factors

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

The Group's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Group's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies for the period from Establishment Date to 31 December 2020. The identified key risks are:

a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its Management to develop and maintain the Group's credit risk regarding to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

As at 31 December 2020	Note	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount QR	Loss allowance QR	Net carrying amount QR
Trade receivables	**16**	**N/A**	**Note (i)**	**Lifetime ECL**	**80,325,515**	**(1,550,164)**	**78,775,351**
Due from related parties	**26**	**N/A**	**Note (i)**	**Lifetime ECL**	**13,825,107**	**-**	**13,825,107**
Government support	**16**	**N/A**	**Note (i)**	**Lifetime ECL**	**143,715,228**	**-**	**143,715,228**
Cash and bank balances	**17**	**BB**	**N/A**	**12-month ECL**	**12,374,473**	**-**	**12,374,473**

Note:
(i) For trade receivables, due from related parties and government support, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The loss allowance as at 31 December 2020 was determined as follows for trade receivables:

	Days past due						
As at 31 December 2020	Upto 30 days QR	31-60 days QR	61-90 days QR	91-120 days QR	121-365 days QR	Over 365 days QR	Total QR
Expected credit loss rate	**-**	**-**	**-**	**-**	**13%**	**100%**	**-**
Gross carrying amount	**73,745,186**	**1,423,493**	**1,054,837**	**476,786**	**2,398,751**	**1,226,462**	**80,325,515**
Loss allowance	**-**	**-**	**-**	**-**	**(323,702)**	**(1,226,462)**	**(1,550,164)**
Net trade receivables	**73,745,186**	**1,423,493**	**1,054,837**	**476,786**	**2,075,049**	**-**	**78,775,351**

b) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due.

The table below summarises the maturities of the Group's financial liabilities at 31 December 2020.

As at 31 December 2020	Less than 1 year QR	Between 1 and 2 years QR	Between 2 and 5 years QR	Over 5 years QR	Total QR
Lease liabilities	12,912,104	13,438,649	21,907,343	6,345,691	54,603,787
Due to related parties	4,766,282	-	-	-	4,766,282
Trade and other payables	185,328,762	-	-	-	185,328,762
Borrowings	82,387,267	52,000,000	156,000,000	787,327,524	1,077,714,791
Bank overdraft	51,310,379	-	-	-	51,310,379
	336,704,794	65,438,649	177,907,343	793,673,215	1,373,724,001

c) 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 QR.

d) Interest rate risk

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

Interest rate sensitivity analysis

For borrowings, 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 interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At 31 December 2020, if interest rates on QR denominated borrowings had been 25 basis point higher/lower with all other variables held constant, profit for the period would have been QR 2,822,563 lower/higher, mainly as a result of higher/lower interest expense on borrowings.

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

29. Capital management

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 and acquisition reserve is measured at QR 2,241,294,733.
The Group is not subject to externally-imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

30. Segment reporting

a. The group has single significant business operation which is an agricultural activity of production and sales of diary product in addition to other related products and activities. All other business segments are not significant.
b. Geographically, the Group has extended its operates in state of Qatar and Sultanate of Oman. The business operations in Sultanate of Oman is not considered to be significant.

31. Fair value measurements

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by 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 non-financial assets measured at fair value:

Non-financial assets	31 December 2020 QR	Level 1 QR	Level 2 QR	Level 3 QR
Biological assets	**186,623,743**	**-**	**186,623,743**	**-**

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 period from Establishment Date to 31 December 2020, 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. There were no movements within Level 3 fair value measurements.

32. Commitments and contingencies

As at 31 December 2020, the Group has contingent liabilities in respect of various banks' letters of credit and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise are as follows:

	31 December 2020 QR
Guarantees and letters of credit	67,746,225

33. Acquisition of a subsidiary

During 2019, the Company acquired 100% of the share capital of Baladna Food Industries W.L.L. (the "Acquiree"), a company incorporated in State of Qatar that is engaged in manufacturing and distributing dairy products. Effective from 2 December 2019, the Company is deemed to exercise control over the Acquiree.

The carrying amounts of the identifiable assets and liabilities of the Acquiree at the date of the acquisition were as follow:

	Carrying Amount QR
ASSETS	
Cash and bank balances	6,567,001
Restricted bank balance	6,778,402
Trade and other receivables	388,673,220
Due from related parties	21,400,827
Inventories	204,747,431
Intangible assets	2,896,308
Biological assets	166,912,982
Right-of-use assets	21,725,792
Property, plant and equipment	2,612,944,529
Total assets	3,432,646,492

	Carrying Amount QR
LIABILITIES	
Bank overdrafts	81,067,552
Borrowings	2,499,906,856
Trade and other payables	101,326,566
Lease liabilities	23,729,319
Due to related parties	5,060,759
Employees' end of service benefits	5,104,075
Total liabilities	2,716,195,127
Total net assets	716,451,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD FROM ESTABLISHMENT DATE TO 31 DECEMBER 2020

34. 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.

35. Effect of COVID 19

The pandemic of coronavirus ("COVID-19") has spread across the world rapidly. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The pandemic spread is causing disruption and uncertainties to the economic, operations and business activities.

Moreover, the operations of the Group are partially concentrated in economies that are relatively dependent on the price of crude oil. The uncertainties caused by COVID-19 and the volatility in crude oil prices required the management of the Group to update its assumptions used for the determination of expected credit losses as at 31 December 2020. Certain changes have been incorporated in the calculation of expected credit losses to reflect the observable current macro-economic factors and future information.

Based on the management's assessment as at 31 December 2020, there has been no material impact on the expected credit loss on its financial assets, as these financial assets are related to highly rated banks operated in the State of Qatar. Also, there is no impact on the carrying value of their non-financial assets.

The Management has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets as at 31 December 2020, and assessed the impacts are with positive indications. However, the market remains volatile and the recorded balances are sensitive to the market fluctuations.

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