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

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD FROM 2 DECEMBER 2019
(ESTABLISHMENT DATE) TO 31 DECEMBER 2020

MOORE

مورستيفنز وشركاه - محاسبون قانونيون
Moore Stephens and Partners
Certified Public Accountants
An Independent Member Firm of Moore Global Network Limited

BALADNA Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
AS AT AND FOR THE PERIOD FROM 2 DECEMBER 2019 ("ESTABLISHMENT DATE") TO 31 DECEMBER 2020

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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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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. 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	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; • 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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Fathi Abu Farah
Partner
Moore Stephens and Partners
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QFMA Auditor's Registration No. 120189

17 March 2021
Doha, State of Qatar

BALADNA Q.P.S.C.

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.

BALADNA Q.P.S.C.

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.

BALADNA Q.P.S.C.

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.

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.

- 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.

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

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

- 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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

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

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

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

Revenue recognition (Continued)

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments - initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

(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.

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments - initial recognition and subsequent measurement (Continued)

Financial liabilities (Continued)

(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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

Shareholders' equity

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

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

Dividend

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

Earnings per share

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

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

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

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.

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.2 Significant accounting policies (Continued)

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.

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting judgments, estimates and assumptions (Continued)

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.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting judgments, estimates and assumptions (Continued)

Estimates (Continued)

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

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 to QR 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.

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

31 December 2020	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
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.

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**

11. Property, plant and equipment (Continued)

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

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

15. Inventories (Continued)

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	31 December 2020 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

	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

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**	**-**

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

26. Related party disclosures (Continued)

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.

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.

28. Financial risk (Continued)

28.1 Financial risk factors (Continued)

a) Credit risk management (Continued)

As at 31 December 2020	Note	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					QR	QR	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	31 – 60 days	61-90 days	91-120 days	121-365 days	Over 365 days	Total
	QR	QR	QR	QR	QR	QR	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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	QR	QR	QR	QR	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.

28. Financial risk (Continued)

28.1 Financial risk factors (Continued)

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.

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:

	31 December 2020 QR	Level 1 QR	Level 2 QR	Level 3 QR
Non-financial assets				
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**

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.