

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE PERIOD FROM 2 DECEMBER 2019
(ESTABLISHMENT DATE) TO 30 JUNE 2020**



MOORE

مورسٲيفنز وشركاه - محاسبون قانونيون
Moore Stephens and Partners
Certified Public Accountants

An Independent Member Firm of Moore Global Network Limited

BALADNA Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE PERIOD FROM 2 DECEMBER 2019 (ESTABLISHMENT DATE) TO 30 JUNE 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statement of Baladna Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2020, comprising of the interim condensed consolidated statement of financial position as at 30 June 2020 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the period from 2 December 2019 (the "Establishment Date") to 30 June 2020 and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".



Fathi Abu Farah
Partner
Moore Stephens and Partners
License No. 294
QFMA Auditor License No. 120189

5 August 2020
Doha, State of Qatar

BALADNA Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020**

	<i>Note</i>	For the three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Revenue	4	205,032,736	441,936,574
Cost of revenue	5	(142,919,263)	(315,919,916)
Gross profit		62,113,473	126,016,658
Other income		37,026,021	97,574,356
Selling and distribution expenses	6	(22,884,555)	(49,295,614)
General and administrative expenses	7	(21,902,599)	(71,671,374)
Operating profit for the period		54,352,340	102,624,026
Finance costs and bank charges		(10,118,233)	(18,733,469)
Profit for the period		44,234,107	83,890,557
Other comprehensive income		—	—
Total comprehensive income for the period		44,234,107	83,890,557
Basic and diluted earnings per share <i>(Expressed in QR per share)</i>	18	0.023	0.046

The attached notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements.



BALADNA Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

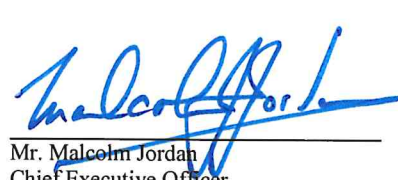
	<i>Note</i>	30 June 2020 QR
ASSETS		
Non-current assets		
Property, plant and equipment	8	2,648,953,076
Right-of-use assets	9	59,834,791
Intangible assets		4,293,656
Biological assets	10	178,507,859
Total non-current assets		2,891,589,382
Current assets		
Biological assets	10	532,900
Inventories		261,487,489
Due from related parties		19,313,649
Trade and other receivables	11	305,217,122
Cash and bank balances	12	21,146,419
Total current assets		607,697,579
TOTAL ASSETS		3,499,286,961
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	13	1,901,000,000
Legal reserve		500,000
Acquisition reserve	14	201,123,011
Retained earnings		74,236,483
TOTAL SHAREHOLDERS' EQUITY		2,176,859,494
LIABILITIES		
Non-current liabilities		
Lease liabilities	15	48,360,096
Borrowings	16	1,021,327,524
Employees' end of service benefits		6,249,937
Total non-current liabilities		1,075,937,557
Current liabilities		
Lease liabilities	15	12,700,489
Due to related parties		10,835,020
Trade and other payables	17	190,559,488
Borrowings	16	21,508,842
Bank overdrafts	12	10,886,071
Total current liabilities		246,489,910
TOTAL LIABILITIES		1,322,427,467
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,499,286,961

The attached notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on 5 August 2020 and signed on their behalf by:



Mr. Ramez Mhd Ruslan Al Khayat
Managing Director



Mr. Malcolm Jordan
Chief Executive Officer



Mr. Saifullah Khan
Chief Financial Officer

BALADNA Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 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 (<i>Note 13</i>)	1,901,000,000	-	-	-	-	1,901,000,000
Profit for the period	-	-	-	-	83,890,557	83,890,557
Interim dividend declared (<i>Note 19</i>)	-	-	-	-	(40,000,000)	(40,000,000)
Net movement on Founders' current account (<i>Note 14</i>)	-	-	(675,373,011)	-	-	(675,373,011)
Net movement on acquisition reserve (<i>Note 14</i>)	-	-	-	201,123,011	-	201,123,011
As at 30 June 2020	1,901,000,000	500,000	-	201,123,011	74,236,483	2,176,859,494

The attached notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements.

BALADNA Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020**

	<i>Note</i>	For the period from Establishment Date to 30 June 2020 QR
OPERATING ACTIVITIES		
Profit for the period		83,890,557
Adjustments for:		
Depreciation on property, plant and equipment	8	60,570,018
Depreciation of right-of-use assets	9	14,560,971
Amortization of intangible asset		686,908
Provision for employees' end of service benefits		2,020,126
Impairment loss allowance on accounts receivables		(137,987)
Provision for slow moving inventories		3,422,730
Loss on disposal of property, plant and equipment		1,451
Gain arising from change in fair value of biological assets	10	(17,788,870)
Cost of slaughtered animals disposed and transfer	10	4,866,161
Loss from death of livestock	10	3,333,229
Interest on lease liabilities		3,001,424
Finance cost		16,967,798
Operating cash flow before movement in working capital		175,394,516
Changes in:		
Inventories		(60,162,788)
Due from related parties		2,934,439
Trade and other receivables		83,109,571
Due to related parties		5,774,261
Trade and other payables		69,961,004
Cash generated from operating activities		277,011,003
Employees' end of service benefit paid		(874,264)
Finance costs paid		(4,350,855)
Net cash from operating activities		271,785,884
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	8	(99,140,888)
Proceeds from disposal of property, plant and equipment		20,381
Purchase of intangible assets		(391,026)
Net movement on biological assets		(2,538,297)
Net cash used in investing activities		(102,049,830)
FINANCING ACTIVITIES		
Net proceeds from Initial Public Offering (IPO)		1,425,750,000
Net movement in borrowings		(1,469,687,433)
Repayment of right-of-use assets	15	(17,855,614)
Interim dividend paid		(29,960,510)
Net movement in restricted cash		5,832,188
Net cash used in financing activities		(85,921,369)
Net increase in cash and cash equivalents		83,814,685
Cash and cash equivalents at Establishment Date		(74,500,551)
Cash and cash equivalents at the end of the period	12	9,314,134

The attached notes from 1 to 24 are an integral part of these interim condensed consolidated financial statements.

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020

1. Corporate information

Baladna Q.P.S.C. (the “Company”) was established in the State of Qatar under commercial registration number 140310, as Qatari Public Shareholding Company. The Company finalized legal documentation for the process of establishment and issuance of the Commercial registration on 2 December 2019 (the “Establishment Date”), pursuant to the provisions of Qatar Commercial Companies Law. The Company’s registered office is at P.O Box 3382, Um Alhawaya Farm, State of Qatar.

On 11 April, 2019, the founders of the Company received the ministerial decision from the Minister 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 interim condensed consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (collectively, the “Group”), as follows:

Subsidiary Name	Country of incorporation	Type of interest	Percentage of effective control
Baladna Food Industries W.L.L. (<i>Note i</i>)	Qatar	Subsidiary	100%
Baladna Food Trading W.L.L. (<i>Note ii</i>)	Qatar	Subsidiary	100%
Baladna Business and Trading LLC (<i>Note iii</i>)	Oman	Subsidiary	100%
Awafi W.L.L. (<i>Note iv</i>)	Qatar	Subsidiary	100%

Notes:

- (i) Baladna Food Industries W.L.L. is a limited liability company established under Commercial Registration No. 64756 and is owned 100% by the Company. The principal activity is production and sales of milk, juice, slaughter of animal and sale of meats.
- (ii) Baladna Food Trading W.L.L. is a limited liability company established under Commercial Registration No. 133592 and is owned 100% by Baladna Food Industries W.L.L. The principal activity is trading in the food materials.
- (iii) Baladna Business and Trading LLC is a limited liability company established under Commercial Registration No.1343623 and is owned 99% by Baladna Food Industries W.L.L. and 1% by Baladna Food Trading W.L.L. The principal activities are as follow:
- Retail sale in specialized stores of dairy products, eggs, olive and pickles;
 - Activities of export and import offices; and
 - Wholesale of soft drinks, juices and mineral water.
- (iv) Awafi W.L.L. is a limited liability company established under Commercial Registration No. 141419 and is owned 100% by Baladna Q.P.S.C. The principal activity is trading in the food materials, packaging and dairy products.

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

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

2.1 Revised standards:

Effective for annual periods beginning on or after 1 January 2020

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
- Amendments to references to conceptual framework in IFRS standards

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020**

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

2.2 New and revised standards and interpretations but not yet effective:

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17: Insurance Contracts
- Classification of liabilities as current or non-current - Amendments to IAS 1

3. Basis of preparation and significant accounting policies

3.1 Statement of compliance

These interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS 34) *"Interim Financial Reporting"* and in conformity with the applicable provisions of Qatar Commercial Companies Law.

These interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, results for the period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial period ending 31 December 2020.

The interim condensed consolidated financial statements have been prepared in Qatari Riyals (QR), which is the Group's functional and presentation currency and all financial information has been rounded off to the nearest QR, unless otherwise indicated.

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are in accordance with IFRS.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are in accordance with IFRS, taking into consideration certain new and revised standards and interpretations, that became effective in the current period, which have introduced certain changes. Some of these changes are changes in terminology only, and some are substantive but have had no material effect on the reported results or financial position of the Group.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intragroup transactions are eliminated on consolidation.

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 has increased. The effect of these changes on has decreased the actual depreciation expense, included in cost of revenue, selling and distribution expense and general and administrative expense.

3.2 Basis of measurement

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

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020****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 three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Dairy sales	184,657,201	401,202,687
Juice sales	13,603,269	24,852,733
Livestock sales	3,397,352	8,120,513
Compost and manure sales	2,554,125	5,169,428
Plastic sales	332,581	1,999,447
Feed sales	488,208	591,766
	205,032,736	441,936,574

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	205,032,736	441,936,574
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5. Cost of revenue

	For the three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Cost of dairy milk and packaging material	120,389,480	258,685,700
Cost of feeds	45,861,589	102,625,050
Depreciation of property, plant and equipment (<i>Note 8</i>)	19,448,503	56,526,140
Direct wages	17,259,658	34,996,243
Rent and maintenance	10,545,895	15,454,677
Utilities	4,663,482	11,943,935
Cost of livestock	4,083,057	11,026,402
Product disposal and provision for slow moving inventories	5,590,554	11,332,528
Production related indirect expenses	5,289,534	10,374,214
Cost of medicine	2,439,043	5,390,683
Cost of disposed slaughtered animals	854,054	4,370,479
Loss from death of livestock	1,832,362	3,333,229
COVID-19 expenses	1,144,357	1,144,357
Cost of feeds sold	412,643	504,857
Cost of slaughtered animals	81,161	495,682
Amortization of intangibles	22,915	45,440
Others	908,732	1,477,762
	240,827,019	529,727,378
Less:		
Net fair value gain on biological assets	(8,403,437)	(17,788,870)
Net fair value gain on milk produced	(89,504,319)	(196,018,592)
	142,919,263	315,919,916

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020****6. Selling and distribution expenses**

	For the three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Staff cost	11,481,494	25,792,775
Advertising and promotion	3,768,836	9,460,797
Management fees (<i>Note i</i>)	2,958,327	6,354,257
Depreciation of property, plant and equipment (<i>Note 8</i>)	1,104,229	2,768,807
Water, electricity and fuel	1,293,656	2,171,994
COVID-19 expenses	1,741,798	1,741,798
Insurance	55,597	169,232
Communication	71,638	140,872
Amortization of intangibles	36,427	84,287
Transportation	26,245	49,216
Others	346,308	561,579
	22,884,555	49,295,614

Note i:

This amount represents management fees paid to a third party under revised terms of contract whereby it will cease to act as sole distributor and will continue to provide support.

7. General and administrative expenses

	For the three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Professional charges	1,726,444	22,169,902
Depreciation of right-of-use assets	4,113,024	14,560,971
Staff cost	6,265,711	13,703,288
Communication	2,716,458	5,626,622
Insurance	2,198,852	5,158,521
Charity and donations	2,277,570	2,277,570
Depreciation of property, plant and equipment (<i>Note 8</i>)	507,205	1,275,071
Amortization of intangible assets	264,135	557,181
Rent and maintenance	181,808	484,026
COVID-19 expenses	322,988	322,988
Governmental fee	152,755	232,777
Stationery and printing	39,566	70,921
Others	1,136,083	5,231,536
	21,902,599	71,671,374

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020

8. Property, plant and equipment

30 June 2020 Cost:	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
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	-	2,340,000	9,951,658	937,430	4,120,364	81,791,436	99,140,888
Transfers during the period	-	-	142,757,839	405,500	2,970,112	(146,133,451)	-
Disposals during the period	-	(15,319)	(901,973)	(33,431)	(141,391)	-	(1,092,114)
Transfer to intangible assets during the period	-	-	-	-	-	(1,693,230)	(1,693,230)
As at 30 June 2020	55,200,100	1,711,936,104	802,910,940	54,923,713	39,653,603	190,219,686	2,854,844,146
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	-	29,199,099	22,231,081	2,942,145	6,197,693	-	60,570,018
Related to disposals during the period	-	(10,443)	(87,962)	(182)	(124,434)	-	(223,021)
As at 30 June 2020	-	111,901,629	64,314,446	14,354,353	15,320,642	-	205,891,070
Net book value							
As at 30 June 2020	55,200,100	1,600,034,475	738,596,494	40,569,360	24,332,961	190,219,686	2,648,953,076

Notes:

- (a) Capital work-in-progress represents expenses incurred by the Group in respect of construction of farm and factories on their land.
- (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 three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Urbacon Trading and Contracting W.L.L.	Construction work	10,968,333	36,275,122
Rediant Engineering Enterprises W.L.L.	Supply and installation of utilities	672,800	1,188,450
Joury Tour & Travels W.L.L.	Logistics	29,605	29,605
Steel Master W.L.L.	Supply and installation of furniture and fixtures	22,600	22,600
Challenger Trading W.L.L.	Manpower supply	12,084	12,084
Credo Trading Company W.L.L.	Supply and installation of IT equipment	-	116,463

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020****8. Property, plant and equipment (Continued)**

Depreciation expenses charged for the period are allocated as follows:

	For the three-month period ended 30 June 2020 QR	For the period from Establishment Date to 30 June 2020 QR
Cost of revenue (<i>Note 5</i>)	19,448,503	56,526,140
Selling and distribution expenses (<i>Note 6</i>)	1,104,229	2,768,807
General and administrative expenses (<i>Note 7</i>)	507,205	1,275,071
	21,059,937	60,570,018

9. Right-of-use assets

	30 June 2020 QR
Cost	
As at Establishment Date	23,381,734
Additions	65,911,604
Disposal	(16,665,653)
As at 30 June	72,627,685
Depreciation	
As at Establishment Date	1,655,942
Charge for the period	14,560,971
Disposals for the period	(3,424,019)
As at 30 June	12,792,894
Net carrying amounts as at 30 June	59,834,791

10. 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:

	30 June 2020 QR
As at Establishment Date	166,912,982
Purchases	13,564,699
Gain arising from change in fair value of biological assets	17,788,870
Cost of sale of livestock	(11,026,402)
Transferred to slaughtered animals' inventory	(4,866,161)
Loss from death of livestock	(3,333,229)
As at 30 June 2020	179,040,759
Current livestock	532,900
Non-current livestock	178,507,859
	179,040,759

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020****10. Biological assets (Continued)**

Mature livestock	110,739,859
Immature livestock	68,300,900
	179,040,759

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

Mature livestock	10,860
Immature livestock	9,476
	20,336

11. Trade and other receivables

30 June 2020
QR

Trade receivables	78,061,863
Less: Impairment loss allowance	(828,292)
	77,233,571
Advance to suppliers	125,550,544
Government support	71,857,614
Prepaid expenses	26,584,515
Deferred expenses	3,835,326
Staff receivables	111,552
Other receivables	44,000
	305,217,122

12. Cash and cash equivalents

30 June 2020
QR

Cash on hand	193,025
Bank balances	18,572,322
Short term deposits	2,381,072
Cash and bank balances	21,146,419
Less: Restricted bank balances (Note i)	(946,214)
	20,200,205
Bank overdrafts	(10,886,071)
Cash and cash equivalents	9,314,134

Note i:

Restricted bank balances represent amounts pertaining to Loans against Trust Receipt (LTR), a facility utilized by the Group to retire Letter of Credit (LC) related to feed imports.

13. Share capital

30 June 2020

	No of shares	Amount QR
Authorised, issued and paid-up ordinary and special shares QR 1 per each share	1,901,000,000	1,901,000,000

The Group's authorized, issued and paid-up share capital amounting to QR 1,901,000,000 is divided into 1,900,999,999 ordinary shares and one special share, the nominal value is QR 1 of each share.

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

Description	Percentage	Number of shares	Amount QR
In-Kind shares subscribed by the Company's Founders (Note 14)	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

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020

14. 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 (<i>Note 13</i>)	(475,250,000)
Acquisition reserve	201,123,011

15. Leases liabilities

	30 June 2020 QR
As at Establishment Date	23,729,319
Additions	65,911,604
Disposal	(13,726,148)
Interest expense charged during the period	3,001,424
Repayments during the year	(17,855,614)
As at 30 June	61,060,585
Current portion	12,700,489
Non-current portion	48,360,096
	61,060,585

16. Borrowings

	30 June 2020 QR
Loan 1 (<i>Note i</i>)	1,021,327,524
Loan 2 (<i>Note ii</i>)	20,349,412
Loan 3 (<i>Note iii</i>)	1,159,430
	1,042,836,366
Current portion	21,508,842
Non-current portion	1,021,327,524
	1,042,836,366

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%. 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.
- (iii) Loan 3 includes documentary credit facility obtained from a local bank to finance the purchases of raw materials, livestock and property, plant and equipment. The facility carries interest rate of 1% per annum.

BALADNA Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020****17. Trade and other payables**

	30 June 2020
	QR
Trade payables	146,319,950
Accrued expenses	33,755,424
Other liabilities	10,484,114
	190,559,488

18. Basic and diluted earnings per share

	For the three-month period ended 30 June 2020	For the period from Establishment Date to 30 June 2020
Profit for the period (QR)	44,234,107	83,890,557
Weighted average number of shares outstanding during the period	1,901,000,000	1,820,297,170
Basic and diluted earnings per share (QR)	0.023	0.046

19. Dividend

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

20. Segment reporting

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

21. Fair value measurements

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:** Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); 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 30 June 2020, the Group held the following non-financial assets measured at fair value:

	30 June 2020 QR	Level 1 QR	Level 2 QR	Level 3 QR
Non-financial assets				
Biological assets	179,040,759	–	179,040,759	–

During the period, 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.

BALADNA Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM ESTABLISHMENT DATE TO 30 JUNE 2020

22. Acquisition of a subsidiary

During 2019, the Company started the process of acquiring 100% of the share capital of Baladna Food Industries W.L.L. (the "Acquiree"), a company incorporated in State of Qatar and 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
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

23. Contingent liabilities

As at 30 June 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:

	30 June 2020 QR
Guarantees and letters of credit	71,883,493

24. 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 30 June 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 30 June 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 30 June 2020, and assessed the impacts are with positive indications. However, the market remains volatile and the recorded balances are sensitive to the market fluctuations.