# Qatari German Company for Medical Devices Q.S.C.

## INTERIM CONDENSED FINANCIAL STATEMENTS

**30 JUNE 2018**

EY
Building a better working world

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# REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

**Introduction**

We have reviewed the accompanying interim statement of financial position of Qatari German Company for Medical Devices Q.S.C. (the "Company") as at 30 June 2018 and the related interim statement of comprehensive income, interim statement of cash flows and interim statement of changes in equity for the six months period then ended, and other related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with *International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34")*. Our responsibility is to express a conclusion on these interim condensed 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 interim financial information 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. Consequently, it 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.

**Basis for qualified conclusion**

Included in the intangible assets is an amount of QR 10,329,937 relating to the safety syringes patent as at 30 June 2018. Management is in the process of assessing the future economic value that will be generated from the patent and the recoverability of the carrying amount of the patent. In the absence of the assessment by the management, we were unable to obtain sufficient appropriate evidence with respect to the recoverable amount of the patent as at 30 June 2018. Consequently, we were unable to determine whether any adjustments to the balance were necessary.

**Qualified conclusion**

Based on our review, except for the possible effects of the matters explained in the *Basis for qualified conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Material uncertainty related to going concern**

Without further qualifying our conclusion, we draw attention to Note 2 to the interim condensed financial statements, which states that the Company has accumulated losses of QR 108,374,841, which exceeds 50% of the share capital as at 30 June 2018. Also, as at 30 June 2018, the Company's current liabilities exceeded its current assets by QR 33,980,051. These conditions indicate the existence of a material uncertainty, which may cast doubt on the Company's ability to continue as a going concern.

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**REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C. (CONTINUED)**

**Material uncertainty related to going concern (continued)**

Article 295 of the Qatar Commercial Companies' Law No. 11 of 2015 requires that if the shareholding company's losses amounted to half of the capital, the Board of Directors should call for an extraordinary general assembly meeting to discuss the continuation of the Company or its dissolution before the term specified in its Articles of Association. If the Board of Directors fails to call for the extraordinary general assembly or if it was impractical to adopt a decision on such matter, any interested party may request the competent court to dissolve the company. These financial statements have been prepared under the going concern concept as the shareholders have resolved, at an extraordinary general assembly meeting held on 20 May 2018, to continue operations of the Company and diversify its activities. Also, the management is in the process of taking measures of improving its operations.

Ihab Marzouk
of Ernst & Young
Auditor's Registration No. 338

Date: 8 August 2018
Doha

Qatari German Company for Medical Devices Q.S.C.

# INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2018

| | Notes | ***30 June 2018 QR (Reviewed)*** | *31 December 2017 QR (Audited)* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | **126,027,816** | 127,145,976 |
| Investment properties | | **12,590,000** | 12,590,000 |
| Intangible assets | 5 | **10,329,937** | 10,379,607 |
| | | **148,947,753** | 150,115,583 |
| **Current assets** | | | |
| Inventories | 6 | **12,112,840** | 12,522,125 |
| Trade and other receivables | 7 | **7,110,637** | 7,774,292 |
| Bank balances and cash | 8 | **685,991** | 541,085 |
| | | **19,909,468** | 20,837,502 |
| **Total assets** | | **168,857,221** | 170,953,085 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | | **115,500,000** | 115,500,000 |
| Legal reserve | | **30,343,120** | 30,343,120 |
| Revaluation reserve | | **11,999,694** | 11,999,694 |
| Accumulated losses | | **(108,374,841)** | (103,975,052) |
| **Total equity** | | **49,467,973** | 53,867,762 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Employees' end-of-service benefits | | **1,028,412** | 885,016 |
| Loans and borrowings | 9 | **64,471,317** | 74,155,875 |
| | | **65,499,729** | 75,040,891 |
| **Current liabilities** | | | |
| Loans and borrowings | 9 | **35,216,925** | 23,132,443 |
| Accounts payable and accruals | | **3,689,378** | 4,068,139 |
| Bank overdraft | 8 | **14,983,216** | 14,843,850 |
| | | **53,889,519** | 42,044,432 |
| **Total liabilities** | | **119,389,248** | 117,085,323 |
| **Total equity and liabilities** | | **168,857,221** | 170,953,085 |

الشركة القطرية الالمانية للمستلزمات الطبية
QG MEDICAL DEVICES
Qatari German Company for Medical Devices

..............................................................
Hamad Khamis A. Al-Kubaisi
*Chairman of the Board of Directors*

..............................................................
Saleh Majed Al- Khulaifi
*Board Member*

The attached notes 1 to 15 form part of these interim condensed financial statements.

Qatari German Company for Medical Devices Q.S.C.

# INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month ended 30 June 2018

| | Notes | *Six-month ended* *30 June 2018* *QR* *(Reviewed)* | *30 June 2017* *QR* *(Reviewed)* |
|---|---|---|---|
| Revenue | 11 | **4,555,366** | 5,469,662 |
| Direct costs | | **(3,668,151)** | (4,267,997) |
| **Gross profit** | | **887,215** | 1,201,665 |
| Other income | | **1,222,708** | 1,371,501 |
| Selling and distribution expenses | | **(179,363)** | (524,384) |
| General and administrative expenses | | **(4,426,124)** | (4,437,535) |
| **Operating loss for the period** | | **(2,495,564)** | (2,388,753) |
| Finance cost | | **(1,904,225)** | (1,928,707) |
| **Loss for the period** | | **(4,399,789)** | (4,317,460) |
| Other comprehensive income for the period | | **-** | - |
| **Total comprehensive loss for the period** | | **(4,399,789)** | (4,317,460) |
| **Basic and diluted earnings per share** | 12 | **(0.38)** | (0.37) |

# INTERIM STATEMENT OF CASH FLOWS

For the six-month ended 30 June 2018

| | Notes | *Six-month ended* 30 June 2018 QR (Reviewed) | 30 June 2017 QR (Reviewed) |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Loss for the period | | **(4,399,789)** | (4,317,460) |
| Adjustments for: | | | |
| Depreciation | | **1,265,349** | 1,340,000 |
| Amortisation | | **49,670** | 59,604 |
| Loss on sale of property, plant and equipment | | **-** | 225,855 |
| Provision for employees' end of service benefits | | **212,121** | 102,227 |
| Finance cost | | **1,904,225** | 1,928,707 |
| Operating loss before working capital changes | | **(968,424)** | (661,067) |
| Working capital changes: | | | |
| Inventories | | **409,285** | 888,560 |
| Trade and other receivables | | **663,654** | (495,211) |
| Accounts payable and accruals | | **(859,821)** | 57,575 |
| Cash used in operating activities | | **(755,306)** | (210,143) |
| Employees' end of service benefits paid | | **(68,725)** | (166,663) |
| Net cash flows used in operating activities | | **(824,031)** | (376,806) |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | 4 | **(147,189)** | (4,933) |
| Proceeds on sale of property, plant and equipment | | **-** | 150,000 |
| Net cash flows (used in) generated from investing activities | | **(147,189)** | 145,067 |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from loans and borrowings | 9 | **3,779,986** | 2,702,503 |
| Repayments of loans and borrowings | 9 | **(2,140,603)** | (3,094,632) |
| Finance cost paid | | **(662,623)** | (881,847) |
| Net cash flows generated from (used in) financing activities | | **976,760** | (1,273,976) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **5,540** | (1,505,715) |
| Cash and cash equivalents at 1 January | 8 | **(14,302,765)** | (13,441,160) |
| **CASH AND CASH EQUIVALENTS AT 30 JUNE** | 8 | **(14,297,225)** | (14,946,875) |

## INTERIM STATEMENT OF CHANGES IN EQUITY
For the six-month ended 30 June 2018

| | *Share capital QR* | *Legal reserve QR* | *Revaluation reserve QR* | *Accumulated losses QR* | *Total QR* |
|---|---|---|---|---|---|
| At 1 January 2018* | 115,500,000 | 30,343,120 | 11,999,694 | (103,975,052) | 53,867,762 |
| Loss for the period | - | - | - | (4,399,789) | (4,399,789) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (4,399,789) | (4,399,789) |
| **At 30 June 2018** ***(Reviewed)*** | 115,500,000 | 30,343,120 | 11,999,694 | (108,374,841) | 49,467,973 |

| | *Share capital QR* | *Legal reserve QR* | *Revaluation reserve QR* | *Accumulated losses QR* | *Total QR* |
|---|---|---|---|---|---|
| At 1 January 2017 *(Audited)* | 115,500,000 | 30,343,120 | 11,999,694 | (82,283,123) | 75,559,691 |
| Loss for the period | - | - | - | (4,317,460) | (4,317,460) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (4,317,460) | (4,317,460) |
| At 30 June 2017 *(Reviewed)* | 115,500,000 | 30,343,120 | 11,999,694 | (86,600,583) | 71,242,231 |

*The Company adopted IFRS 9 and 15 using the modified approach as per the transitional provision of the said standards. The adoption of the new standards did not require adjustments to opening retained earnings (Note 3.2).

The attached notes 1 to 15 form part of these interim condensed financial statements.

## 1 CORPORATE INFORMATION

Qatari German Company for Medical Devices Q.S.C. (the "Company") is a Qatari Shareholding Company incorporated in the State of Qatar by virtue of Emiri Decree No. 39 issued on 15 October 2000, under the Commercial Registration No. 23349 dated 10 February 2001 and is currently listed on Qatar Exchange. The Company's registered office is located at P.O. Box 22556, Doha, State of Qatar and the principal place of business is in Abu Hammour, Doha, State of Qatar.

The principal activity of the Company is to manufacture and trade syringes and medical supplies.

These interim condensed financial statements of the Company for the six-month ended 30 June 2018 were authorised for issue by the Board of Directors on 8 August 2018.

## 2 GOING CONCERN

The Company has accumulated losses of QR 108,374,841, which exceeds 50% of the share capital as at 30 June 2018. Also, as at 30 June 2018, the Company's current liabilities exceeded its current assets by QR 33,980,051. These conditions indicate the existence of a material uncertainty, which may cast doubt on the Company's ability to continue as a going concern. Article 295 of the Qatar Commercial Companies' Law No. 11 of 2015 requires that if the shareholding company's losses amounted to half of the capital, the Board of Directors should call for an extraordinary general assembly meeting to discuss the continuation of the company or its dissolution before the term specified in its Articles of Association. If the board of directors fails to call for the extraordinary general assembly or if it was impractical to adopt a decision on such matter, any interested party may request the competent court to dissolve the company. These financial statements have been prepared under the going concern concept as the shareholders have resolved, at an extraordinary general assembly meeting held on 20 May 2018, to continue operations of the Company and diversify its activities. Also, the management is in the process of taking measures of improving its operations.

## 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation

The interim condensed financial statements for the six-month ended 30 June 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and have been presented in Qatar Riyals ("QR"), which is the Company's functional and presentation currency.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2017. In addition, the results for the six-month ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended 31 December 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2017.

## 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018.

The Company applies, for the first time IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*. In accordance with the transitional provisions of these new standards, comparatives have not been restated. The nature and effect of these changes are disclosed below.

**IFRS 9 Financial Instruments**
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

*Classification and Measurement of Financial Assets*
On 1 January 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 and has classified its financial instruments into the appropriate IFRS 9 categories.

With respect to debt instruments, there are no impact to the financial statements of the Company at 1 January 2018 since all of their debt instruments are already accounted at "amortised cost".

*Impairment of Financial Assets*
The Company has the following types of financial assets which are subject to IFRS 9's expected credit loss (ECL) model:

- Trade and other receivables
- Bank balances

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets replacing the IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The adoption of the ECL requirements of IFRS 9 did not result in any material increases in impairment allowances of the Company's debt financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. See accounting policies adopted as at 1 January 2018 for the Classification, measurement and new impairment policy of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

**IFRS 15 Revenue from Contracts with Customers**
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for the revenue arising from contract with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of transition whereby the Company shall recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at 1 January 2018 and not restating the comparative financial information of 2017. Under this transition method, the Company have assessed only those contracts which are not yet complete as at 1 January 2018.

## 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 New and amended standards and interpretations (continued)

**IFRS 15 Revenue from Contracts with Customers (continued)**
The Company is in the business of manufacturing and trading of syringes and medical supplies. The Company's contracts with customers for the delivery of goods generally include one performance obligation. The Company has concluded that the revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Therefore, the adoption of IFRS 15 did not have impact on the timing of revenue recognition and no other factors were identified that have lead to an adjustment to the amount recognized.

As required for the condensed interim financial statements, the Company disaggregated revenue recognized from contract with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

A new accounting policy was adopted for revenue recognition however, it did not have a financial impact to the balances as at 1 January 2018.

**Revenue recognition (as a result of adopting IFRS 15)**
Revenue is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Company recognises revenue from the sale of goods measured at the fair value of the consideration received. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved.

**Financial assets**
***(i) Classification***
The Company classifies its financial assets to be measured at amortised cost.

The classification depends on two criteria:
- The Company's business model for managing the assets; and
- Whether the instruments' contractual cash flows represent 'solely payments of principal and interest (Profit) on the principal amount outstanding (the "SPPI criterion").

**Business model:** the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL"). Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (Profit) (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest (Profit) includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at Fair value through profit or loss (FVTPL).

***(ii) Measurement***
*Debt instruments*
Debt instruments of the Company are subsequently measured at "amortised cost". This category includes trade receivables, other receivables and bank balances.

## 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 New and amended standards and interpretations (continued)

**Financial assets (continued)**

*(ii) Measurement (continued)*
*Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income "Profit" from these financial assets is included in finance income using the effective interest rate (Profit) method.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

***(iii) Impairment of financial assets***
The Company has the following types of financial assets that are subjected to expected credit loss (ECL) model of impairment:

- Trade and other receivables
- Bank balances

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate (Profit).

*Credit impaired financial assets*
At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit-impaired. The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

*Measurement of ECLs*
(i) Trade and other receivables and advances

For trade and other receivables, the Company applies the simplified approach to providing for expected credit losses, which requires the use of the lifetime expected loss provision for all receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Bank balances

The ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Bank balances are considered to be low risk, therefore, are considered to be low credit risk financial assets. It is the Company's policy to measure such instruments on a 12-month ECL basis. In all cases, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 365 days past due.

Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of a financial instrument. This means that the Company needs to estimate the risk of a default occurring on the financial instrument during its expected life.

## 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 New and amended standards and interpretations (continued)

**Financial assets (continued)**
The 12-month ECL is defined as a portion of the lifetime ECL that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

*Presentation of impairment*
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets with the resulting loss being recognized in profit or loss.

**Standard issued but not yet effective**
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standard, if applicable, when they become effective.

| *Topic* | |
|---|---|
| IFRS 16 Leases | 1 January 2019 |

## 4 PROPERTY, PLANT AND EQUIPMENT

| | *Buildings on leasehold land QR* | *Machinery and equipment QR* | *Motor vehicles QR* | *Furniture, fixtures and equipment QR* | *Computer and software QR* | *Capital -in-work progress QR* | *Total QR* |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| At 1 January 2018 | 57,182,447 | 94,484,646 | 205,500 | 2,753,868 | 777,389 | 566,011 | 155,969,861 |
| Additions | - | - | - | 12,599 | 5,890 | 128,700 | 147,189 |
| Transfers | - | - | - | 694,711 | - | (694,711) | - |
| At 30 June 2018 | 57,182,447 | 94,484,646 | 205,500 | 3,461,178 | 783,279 | - | 156,117,050 |
| Accumulated depreciation and impairment: | | | | | | | |
| At 1 January 2018 | 12,574,085 | 13,341,235 | 193,000 | 2,005,598 | 709,967 | - | 28,823,885 |
| Charge for the period | 953,041 | 67,000 | 5,000 | 217,668 | 22,640 | - | 1,265,349 |
| At 30 June 2018 | 13,527,126 | 13,408,235 | 198,000 | 2,223,266 | 732,607 | - | 30,089,234 |
| **Net carrying amounts:** | | | | | | | |
| **At 30 June 2018 (*Reviewed*)** | **43,655,321** | **81,076,411** | **7,500** | **1,237,912** | **50,672** | **-** | **126,027,816** |

## 4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | *Buildings on leasehold land QR* | *Machinery and equipment QR* | *Motor vehicles QR* | *Furniture, fixtures and equipment QR* | *Computer and software QR* | *Capital -in-work progress QR* | *Total QR* |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| At 1 January 2017 | 57,182,447 | 93,476,239 | 205,500 | 2,786,068 | 765,634 | 1,938,142 | 156,354,030 |
| Additions | - | - | - | 4,615 | 21,752 | 12,131 | 38,498 |
| Transfers | - | 1,008,407 | - | - | - | (1,008,407) | - |
| Disposals | - | - | - | (36,815) | (9,997) | (375,855) | (422,667) |
| At 31 December 2017 | 57,182,447 | 94,484,646 | 205,500 | 2,753,868 | 777,389 | 566,011 | 155,969,861 |
| Accumulated depreciation: | | | | | | | |
| At 1 January 2017 | 10,668,003 | 6,491,858 | 172,533 | 1,662,416 | 632,490 | - | 19,627,300 |
| Charge for the year | 1,906,082 | 246,065 | 20,467 | 379,997 | 87,474 | - | 2,640,085 |
| Disposals | - | - | - | (36,815) | (9,997) | - | (46,812) |
| *(i)* Impairment | - | 6,603,312 | - | - | - | - | 6,603,312 |
| At 31 December 2017 | 12,574,085 | 13,341,235 | 193,000 | 2,005,598 | 709,967 | - | 28,823,885 |
| Net carrying amounts: | | | | | | | |
| At 31 December 2017 | **44,608,362** | **81,143,411** | **12,500** | **748,270** | **67,422** | **566,011** | **127,145,976** |

*(ii)* In 2017, the Company has engaged an external, independent valuer, having appropriate recognised professional qualifcations and knowledge of the regional market and understanding to undertake the valuation competently. The fair values were determined based on prevailing market conditions, current state and condition of the assets, and sources of market data. The estimated fair value of machinery and equipment is lower than its carrying value by 2018: Nil (2017: QR 6,603,312). The Company believe that there is no changes in valuation.

## 5 INTANGIBLE ASSETS

| | *Patents and know-how QR* | *Computer software QR* | *Total QR* |
|---|---|---|---|
| Cost: | | | |
| At 30 June 2018 | 10,329,937 | 596,044 | 10,925,981 |
| Accumulated amortisation: | | | |
| At 1 January 2018 | - | 546,374 | 546,374 |
| Charge for the period | - | 49,670 | 49,670 |
| At 30 June 2018 | - | 596,044 | 596,044 |
| **Net carrying amounts** | | | |
| **At 30 June 2018 (Reviewed)** | **10,329,937** | **-** | **10,329,937** |

| | *Patents and know-how QR* | *Computer software QR* | *Total QR* |
|---|---|---|---|
| Cost: | | | |
| At 31 December 2017 | 10,329,937 | 596,044 | 10,925,981 |
| Accumulated amortisation: | | | |
| At 1 January 2017 | - | 427,165 | 427,165 |
| Charge for the period | - | 119,209 | 119,209 |
| At 31 December 2017 | - | 546,374 | 546,374 |
| Net carrying amounts | | | |
| At 31 December 2017 | 10,329,937 | 49,670 | 10,379,607 |

## 6 INVENTORIES

| | *30 June 2018 QR (Reviewed)* | *31 December 2017 QR (Audited)* |
|---|---|---|
| Raw materials | **6,930,507** | 7,029,491 |
| Finished goods | **2,768,492** | 3,147,917 |
| Spare parts | **2,438,836** | 2,378,808 |
| Work-in-progress | **1,204,084** | 1,111,054 |
| Consumables | **399,714** | 251,760 |
| | **13,741,633** | 13,919,030 |
| Less: Provision for slow-moving inventories | **(1,854,177)** | (1,854,177) |
| | **11,887,456** | 12,064,853 |
| Goods-in-transit | **225,384** | 457,272 |
| | **12,112,840** | 12,522,125 |

## 7 TRADE AND OTHER RECEIVABLES

| | *30 June 2018 QR (Reviewed)* | *31 December 2017 QR (Audited)* |
|---|---|---|
| Trade receivables | **10,339,944** | 12,634,320 |
| Less: Allowance for impairment on trade receivables | **(5,958,620)** | (5,958,620) |
| | **4,381,324** | 6,675,700 |
| Advances | **2,558,960** | 963,710 |
| Prepayments | **97,748** | 56,022 |
| Other receivables | **72,605** | 78,860 |
| | **7,110,637** | 7,774,292 |

## 8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the interim statement of cash flows comprise the following interim statement of financial position amounts:

| | *30 June 2018 QR (Reviewed)* | *31 December 2017 QR (Audited)* |
|---|---|---|
| Bank balances | **673,976** | 528,473 |
| Cash on hand | **12,015** | 12,612 |
| | **685,991** | 541,085 |
| Bank overdraft | **(14,983,216)** | (14,843,850) |
| | **(14,297,225)** | (14,302,765) |

## 9 LOANS AND BORROWINGS

| | *30 June 2018 QR (Reviewed)* | *31 December 2017 QR (Audited)* |
|---|---|---|
| Term loan | **81,134,044** | 80,241,214 |
| Documentary credit facility | **18,554,198** | 17,047,104 |
| | **99,688,242** | 97,288,318 |

Presented in the interim statement of financial position as follows:

| | | |
|---|---|---|
| Current | **35,216,925** | 23,132,443 |
| Non-current | **64,471,317** | 74,155,875 |
| | **99,688,242** | 97,288,318 |

Movement in the loans and borrowings are as follows:

| | *30 June 2018 QR (Reviewed)* | *31 December 2017 QR (Audited)* |
|---|---|---|
| At 1 January | **97,288,318** | 93,198,980 |
| Loan obtained during the period/ year | **3,779,986** | 4,826,574 |
| Loan repaid during the period/ year | **(2,140,603)** | (3,131,498) |
| Interest accrued (net of payment) | **760,541** | 2,394,262 |
| At 30 June/31 December | **99,688,242** | 97,288,318 |

## 9 LOANS AND BORROWINGS (CONTINUED)

Details of loans and borrowings are as follows:

| | *Facility outstanding amount* | | | | |
|---|---|---|---|---|---|
| *Loan category* | *30 June 2018 QR (Reviewed)* | *31 December 2017 QR (Audited)* | *Year of maturity* | *Interest rate* | *Purpose of the facility* |
| Term loan | **67,176,062** | 66,057,595 | April 2023 | 3.00% | Rescheduled existing facilities by Qatar Development Bank, a related party |
| Documentary facility credit | **9,281,424** | 9,215,374 | January 2016 | 3.00% | Rescheduled existing facilities by Qatar Development Bank, a related party |
| Term loan | **8,307,395** | 8,187,779 | April 2021 | 3.00% | Financing of working capital obtained from Qatar Development Bank, a related party |
| Documentary credit facility | **8,494,921** | 7,058,247 | February 2020 | 5.50% | Re-scheduling and increase in the existing facility for working capital obtained from Qatar National Bank |
| Term loan | **3,774,469** | 3,868,253 | January 2023 | 3.00% | Financing of machinery purchases obtained from Qatar Development Bank, a related party |
| Term loan | **1,876,118** | 2,127,587 | May 2020 | 5.50% | Re-scheduling of the existing facility for warehouse construction obtained from Qatar National Bank |
| Documentary credit facility | **456,285** | 454,331 | November 2016 | 3.00% | Financing of working capital obtained from Qatar Development Bank, a related party |
| Documentary credit facility | **321,568** | 319,152 | December 2016 | 3.00% | Financing for warehouse construction obtained from Qatar Development Bank, a related party |
| | **99,688,242** | 97,288,318 | | | |

- Loans where maturity has expired were all classified under current liabilities and are due and demandable. The Company are in the process of negotiation for the restructuring of these loans.

## 10 SEGMENT INFORMATION

For management purposes, the Company is organised into one business unit based on its nature of activities, as the Company's operations pertain only to the manufacturing of disposable syringes. Decisions about resource allocation and monitoring of peformance are based on the single busines unit identified by the management.

The Company does not have any foreign operations as of the reporting period end (31 December 2017: None).

## 11 REVENUE

Revenue by type are as follows:

| | *Six-month ended* | |
|---|---|---|
| | *30 June 2018* | *30 June 2017* |
| | *QR* | *QR* |
| | *(Reviewed)* | *(Reviewed)* |
| Sale of syringes | **1,781,259** | 3,784,699 |
| Sale of trading products | **2,054,506** | 1,171,328 |
| Sale of packed needles | **512,567** | 420,644 |
| Sale of IV cannula | **207,034** | 92,991 |
| | **4,555,366** | 5,469,662 |

Revenue by geography are as follows:

| | *Six-month ended* | |
|---|---|---|
| | *30 June 2018* | *30 June 2017* |
| | *QR* | *QR* |
| | *(Reviewed)* | *(Reviewed)* |
| Within Qatar | **3,776,280** | 2,139,393 |
| Outside Qatar | **779,086** | 3,330,269 |
| | **4,555,366** | 5,469,662 |

## 12 LOSS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period.

| | *Six-month ended* | |
|---|---|---|
| | *30 June 2018* | *30 June 2017* |
| | *QR* | *QR* |
| | *(Reviewed)* | *(Reviewed)* |
| Loss for the period | **(4,399,789)** | (4,317,460) |
| Weighted average number of shares outstanding during the period | **11,550,000** | 11,550,000 |
| Basic and diluted earnings per share (QR) | **(0.38)** | (0.37) |

There were no potentially dilutive shares outstanding at any time during the period and therefore, the diluted earnings per share is equal to the basic earnings per share.

## 13 RELATED PARTY DISCLOSURES

Related parties consist of major shareholders, related companies and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related party transactions included in the interim statement of comprehensive income for the period are as follows:

| | *Six-month ended* | |
|---|---|---|
| | *30 June 2018* | *30 June 2017* |
| | *QR* | *QR* |
| | *(Reviewed)* | *(Reviewed)* |
| Finance costs | **1,829,364** | 1,858,651 |
| *General and amortisation expenses:* | | |
| Bank charges and commission | **74,861** | 73,656 |

**Compensation of key management personnel**
The compensation of key management personnel during the period were as follows:

| | *Six-month ended* | |
|---|---|---|
| | *30 June 2018* | *30 June 2017* |
| | *QR* | *QR* |
| | *(Reviewed)* | *(Reviewed)* |
| Salaries and other short-term benefits | **264,473** | 246,575 |
| End-of-service benefits | **7,601** | 7,770 |
| | **272,074** | 254,345 |

**Related party balances**
The payables to related parties pertain to the loans and borrowings of the Company as disclosed in Note 9. These amounts are secured by the assets owned by the Company, with interests based on prevailing market rates and settlement normally occurs in cash.

## 14 COMMITMENTS AND CONTINGENT LIABILITIES

**Operating lease commitments**

| | *30 June 2018* | *31 December 2017* |
|---|---|---|
| | *QR* | *QR* |
| | *(Reviewed)* | *(Audited)* |
| Future minimum lease payments: | | |
| Not later than one year | **11,527** | 11,527 |
| Later than one year and not later than five years | **46,108** | 46,108 |
| Later than five years | **92,216** | 97,980 |
| | **149,851** | 155,615 |

**Contingent liabilities**

| | *30 June 2018* | *31 December 2017* |
|---|---|---|
| | *QR* | *QR* |
| | *(Reviewed)* | *(Audited)* |
| Letters of credit | - | 403,950 |
| Guarantees | **3,605,469** | 2,632,565 |
| | **3,605,469** | 3,036,515 |

## 15 CLASSIFICATION AND FAIR VALUES

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties on an arm's length basis. The accompanying interim condensed financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investment properties.

**Fair value hierarchy:**
The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| *At 30 June 2018* | *Level 2 QR (Reviewed)* | *Total QR (Reviewed)* |
|---|---|---|
| **Investment properties** | **12,590,000** | **12,590,000** |

| *At 31 December 2017* | *Level 2 QR (Audited)* | *Total QR (Audited)* |
|---|---|---|
| Investment properties | 12,590,000 | 12,590,000 |

During the six-month period ended 30 June 2018, 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 31 December 2017: None).