

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

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 JUNE 2016**

## 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 condensed financial statements of Qatari German Company for Medical Devices Q.S.C. (the "Company") as at 30 June 2016, comprising of the interim statement of financial position as at 30 June 2016 and the related interim statement of comprehensive income for the six-month period then ended, the related interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and the 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.

### Conclusion

Based on our review, 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 International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the interim condensed financial statements which describes that the Company has incurred net losses from operations resulting to a deficit of QR 58,462,212 which exceeded 50% of its share capital as at 30 June 2016. Article 295 of Qatar Commercial Companies' Law No. 11 of 2015 requires that in such an event, 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 conditions, as set forth in Note 2, indicate the existence of a material uncertainty, which may cast doubt on the Company's ability to continue as a going concern. In this regard, the Board of Directors confirmed its plan to call for extra ordinary general assembly for the shareholders to pass a resolution to continue the operations of the Company, and to enable the Company to continue as a going concern and meet its financial commitments when they fall due. Also, the management is taking measures of improving its operations within the next five year. The interim condensed financial statements, therefore, have been prepared on a going concern basis.



Ahmed Sayed  
Of Ernst & Young  
Auditor's Registration No. 326

Date: 14 August 2016  
Doha



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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

At 30 June 2016

	Notes	30 June 2016 QR (Reviewed)	31 December 2015 QR (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	137,536,790	138,267,920
Investment properties		12,590,000	12,590,000
Intangible assets		<u>28,028,156</u>	<u>28,087,761</u>
		<u>178,154,946</u>	<u>178,945,681</u>
<b>Current assets</b>			
Inventories	5	20,765,809	18,930,798
Accounts receivable and prepayments		13,766,987	13,748,538
Bank balances and cash	6	<u>467,583</u>	<u>741,049</u>
		<u>35,000,379</u>	<u>33,420,385</u>
<b>Total assets</b>		<u><b>213,155,325</b></u>	<u><b>212,366,066</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
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		<u>(58,462,212)</u>	<u>(54,439,412)</u>
<b>Total equity</b>		<u><b>99,380,602</b></u>	<u><b>103,403,402</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end-of-service benefits		852,722	761,699
Loans and borrowings	7	<u>82,348,330</u>	<u>45,698,091</u>
		<u>83,201,052</u>	<u>46,459,790</u>
<b>Current liabilities</b>			
Loans and borrowings	7	10,541,975	43,067,499
Accounts payable and accruals		4,998,264	5,075,244
Bank overdraft	6	<u>15,033,432</u>	<u>14,360,131</u>
		<u>30,573,671</u>	<u>62,502,874</u>
<b>Total liabilities</b>		<u><b>113,774,723</b></u>	<u><b>108,962,664</b></u>
<b>Total equity and liabilities</b>		<u><b>213,155,325</b></u>	<u><b>212,366,066</b></u>

.....  
  
 Hamad Bhamis A. Al-Kubaisi  
 Chairman of the Board of Directors

.....  
  
 Saleh Majid S.M. Al-Khulaifi  
 Member of the Board of Directors

The attached notes 1 to 14 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 2016

	Note	Six- month ended	
		30 June 2016 QR (Reviewed)	30 June 2015 QR (Reviewed)
Revenue		5,811,465	6,265,801
Direct costs		<u>(5,051,992)</u>	<u>(6,253,505)</u>
<b>Gross profit</b>		<b>759,473</b>	<b>12,296</b>
Other income		1,485,221	77,405
Selling and distribution expenses		(741,402)	(1,124,807)
General and administrative expenses		<u>(3,730,648)</u>	<u>(3,678,567)</u>
<b>Operating loss for the period</b>		<b>(2,227,356)</b>	<b>(4,713,673)</b>
Finance cost		<u>(1,795,444)</u>	<u>(2,149,268)</u>
<b>Loss for the period</b>		<b>(4,022,800)</b>	<b>(6,862,941)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b><u>(4,022,800)</u></b>	<b><u>(6,862,941)</u></b>
<b>Basic and diluted earnings per share</b>	9	<b><u>(0.35)</u></b>	<b><u>(0.59)</u></b>

The attached notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF CASH FLOWS**

For the six-month ended 30 June 2016

	Notes	<i>Six-month ended</i>	
		<u>30 June 2016</u>	<u>30 June 2015</u>
		<i>QR</i>	<i>QR</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(4,022,800)	(6,862,941)
Adjustments for:			
Depreciation and amortisation		1,541,371	1,489,540
Provision for employees' end of service benefits		123,787	99,573
Finance cost		1,795,444	2,149,268
Operating loss before working capital changes		(562,198)	(3,124,560)
Working capital changes:			
Inventories		(1,835,011)	401,688
Accounts receivable and prepayments		(18,449)	2,164,652
Accounts payable and accruals		(76,980)	(2,282,657)
Cash used in operating activities		(2,492,638)	(2,840,877)
Employees' end of service benefits paid		(32,764)	(51,268)
Net cash flows used in operating activities		(2,525,402)	(2,892,145)
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	4	(750,636)	(2,089,548)
Acquisition of investment properties		-	(2,606,729)
Net cash flows used in investing activities		(750,636)	(4,696,277)
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	7	5,469,203	11,878,816
Repayments of loans and borrowings	7	(1,505,082)	(598,159)
Finance cost paid		(1,634,850)	(1,665,022)
Net cash flows generated from financing activities		2,329,271	9,615,635
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		(946,767)	2,027,213
Cash and cash equivalents at 1 January	6	(13,619,082)	(14,553,914)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	6	(14,565,849)	(12,526,701)

The attached notes 1 to 14 form part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF CHANGES IN EQUITY**

For the six-month ended 30 June 2016

	Share capital QR	Legal reserve QR	Revaluation reserve QR	Accumulated losses QR	Total QR
At 1 January 2016 <i>(Audited)</i>	115,500,000	30,343,120	11,999,694	(54,439,412)	103,403,402
Loss for the period	-	-	-	(4,022,800)	(4,022,800)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(4,022,800)	(4,022,800)
<b>At 30 June 2016 <i>(Reviewed)</i></b>	<b>115,500,000</b>	<b>30,343,120</b>	<b>11,999,694</b>	<b>(58,462,212)</b>	<b>99,380,602</b>
At 1 January 2014, as previously reported	115,500,000	30,343,120	42,261,396	(10,628,428)	177,476,088
Correction of error <i>(Note 13)</i>	-	-	(30,261,702)	(19,060,498)	(49,322,200)
At 1 January 2014 <i>(Restated)</i>	115,500,000	30,343,120	11,999,694	(29,688,926)	128,153,888
Loss for the year 2014 <i>(Restated)</i>	-	-	-	(13,325,208)	(13,325,208)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year <i>(Restated)</i>	-	-	-	(13,325,208)	(13,325,208)
At 1 January 2015 <i>(Audited)</i>	115,500,000	30,343,120	11,999,694	(43,014,134)	114,828,680
Loss for the period	-	-	-	(6,862,941)	(6,862,941)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,862,941)	(6,862,941)
<b>At 30 June 2015 <i>(Reviewed)</i></b>	<b>115,500,000</b>	<b>30,343,120</b>	<b>11,999,694</b>	<b>(49,877,075)</b>	<b>107,965,739</b>

The attached notes 1 to 14 form part of these interim condensed financial statements.

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2016

### 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 single use disposable syringes.

These interim condensed financial statements of the Company for the six-month ended 30 June 2016 were authorized for issue by the Board of Directors on 14 August 2016.

### 2 GOING CONCERN

The Company has incurred net losses from operations resulting to a deficit of QR 58,462,212 which exceeded 50% of its share capital as at 30 June 2016. Article 295 of Qatar Commercial Companies' Law No. 11 of 2015 requires that in such an event, 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 conditions indicate the existence of a material uncertainty, which may cast doubt on the Company's ability to continue as a going concern. In this regard, the Board of Directors confirmed its plan to call for extra ordinary general assembly for the shareholders to pass a resolution to continue the operations of the Company, and to enable the Company to continue as a going concern and meet its financial commitments when they fall due. Also, the management is taking measures of improving its operations within the next five year. The interim condensed financial statements, therefore, have been prepared on a going concern basis.

### 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 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and have been presented in Qatar Riyals, 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 2015. In addition, the results for the six-month ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

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 2015.

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 2015.



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

**3.2 New and amended standards and interpretations**

The following amendments to standards have been applied by the Company in preparation of these interim condensed financial statements. The amendments to the below standards did not have any material impact to the Company, but they may result in additional disclosures at year end:

**Amendments to standards**

IFRS 14 Regulatory Deferral Accounts (Effective 1 January 2016).

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests (Effective 1 January 2016).

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016).

Amendments to IAS 27: Equity Method in Separate Financial Statements (Effective 1 January 2016).

Amendments to IAS 1: Disclosure Initiative (Effective 1 January 2016).

Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the Consolidation Exception (Effective 1 January 2016).

Annual Improvements 2012 - 2014 Cycle

The adoption of the above did not result in any changes to previously reported net profit or equity of the Company

**Standards issued but not yet effective**

The below mentioned standards, interpretations and amendments to standards are not yet effective. The Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the respective effective dates.

IFRS 9 Financial Instruments (Effective 1 January 2018).

IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018).

IFRS 16 Leases (Effective 1 January 2019)



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**4 PROPERTY, PLANT AND EQUIPMENT**

	<i>Buildings</i> <i>QR</i>	<i>Machinery</i> <i>and</i> <i>equipment</i> <i>QR</i>	<i>Motor</i> <i>vehicles</i> <i>QR</i>	<i>Furniture,</i> <i>fixtures and</i> <i>equipment</i> <i>QR</i>	<i>Computers</i> <i>QR</i>	<i>Capital</i> <i>work-in-</i> <i>progress</i> <i>QR</i>	<i>Total</i> <i>QR</i>
Cost:							
At 1 January 2016	57,182,447	93,234,185	205,500	2,047,996	673,329	1,679,262	155,022,719
Additions	-	242,055	-	421,321	80,145	7,115	750,636
Transfers	-	-	-	295,000	-	(295,000)	-
At 30 June 2016	57,182,447	93,476,240	205,500	2,764,317	753,474	1,391,377	155,773,355
Accumulated depreciation:							
At 1 January 2016	8,761,921	6,009,560	146,833	1,296,059	540,426	-	16,754,799
Charge for the period	953,041	298,334	12,850	173,342	44,199	-	1,481,766
At 30 June 2016	9,714,962	6,307,894	159,683	1,469,401	584,625	-	18,236,565
Carrying amounts:							
At 30 June 2016 ( <i>Reviewed</i> )	<b>47,467,485</b>	<b>87,168,346</b>	<b>45,817</b>	<b>1,294,916</b>	<b>168,849</b>	<b>1,391,377</b>	<b>137,536,790</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<i>Buildings</i> <i>QR</i>	<i>Machinery</i> <i>and</i> <i>equipment</i> <i>QR</i>	<i>Motor</i> <i>vehicles</i> <i>QR</i>	<i>Furniture,</i> <i>fixtures and</i> <i>equipment</i> <i>QR</i>	<i>Computer</i> <i>and</i> <i>software</i> <i>QR</i>	<i>Capital</i> <i>work-in-</i> <i>progress</i> <i>QR</i>	<i>Total</i> <i>QR</i>
<b>Cost:</b>							
At 1 January 2015	57,182,447	89,119,248	244,500	2,025,153	717,191	2,128,921	151,417,460
Additions	-	51,840	-	149,585	18,585	3,613,438	3,833,448
Transfers from capital-work-in-progress	-	4,063,097	-	-	-	(4,063,097)	-
Disposals	-	-	(39,000)	-	-	-	(39,000)
Write-off	-	-	-	(126,742)	(62,447)	-	(189,189)
<b>At 31 December 2015</b>	<b>57,182,447</b>	<b>93,234,185</b>	<b>205,500</b>	<b>2,047,996</b>	<b>673,329</b>	<b>1,679,262</b>	<b>155,022,719</b>
<b>Accumulated depreciation:</b>							
At 1 January 2015	6,855,839	5,381,586	160,133	1,129,743	475,581	-	14,002,882
Charge for the year	1,906,082	627,974	25,700	278,968	124,894	-	2,963,618
Relating to disposals	-	-	(39,000)	-	-	-	(39,000)
Relating to write-off	-	-	-	(112,652)	(60,049)	-	(172,701)
<b>At 31 December 2015</b>	<b>8,761,921</b>	<b>6,009,560</b>	<b>146,833</b>	<b>1,296,059</b>	<b>540,426</b>	<b>-</b>	<b>16,754,799</b>
<b>Net carrying amounts:</b>							
At 31 December 2015	48,420,526	87,224,625	58,667	751,937	132,903	1,679,262	138,267,920

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Depreciation for the period/year has been allocated in the interim condensed statement of comprehensive income is as follows:

	<i>30 June 2016 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>
Direct cost	1,099,572	2,230,434
General and administrative expenses	<u>382,194</u>	<u>733,184</u>
	<u>1,481,766</u>	<u>2,963,618</u>

Notes:

- i. In 2007, the Company has revalued its leased land, buildings, machinery and equipment with the assistance of a qualified external valuer to reflect the current market value of these assets which resulted to a revaluation gain reflected in the revaluation reserve under equity. Subsequently, in year 2013, the management has decided to change its accounting policy for machinery and equipment from revaluation model to cost model to provide a reliable and more relevant financial information. Management believes that the carrying value of buildings recorded in property, plant and equipment equals to its fair values.
- ii. In 2015, the Board of Directors resolved to reverse all transactions relating to the capitalisation of leasehold land. As such, the leasehold land amounting to QR 23.5 million and its related revaluation reserve amounting to QR 30.2 million has been removed from the books (see Note 13).
- iii. The encumbrances on the property, plant and equipment are disclosed in Note 7.

**5 INVENTORIES**

	<i>30 June 2016 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>
Raw materials	11,282,184	10,257,532
Work-in-progress	2,252,215	2,073,011
Finished goods	4,437,123	4,765,242
Spare parts	2,569,297	2,544,311
Consumables	<u>283,719</u>	<u>243,144</u>
	20,824,538	19,883,240
Less: Provision for slow-moving inventories	(154,986)	(154,986)
Write-off of inventories	<u>-</u>	<u>(867,115)</u>
	20,669,552	18,861,139
Goods-in-transit	<u>96,257</u>	<u>69,659</u>
	<u>20,765,809</u>	<u>18,930,798</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**6 CASH AND CASH EQUIVALENTS**

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

	<i>30 June 2016 QR (Reviewed)</i>	<i>30 June 2015 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>
Bank balances and cash	467,583	1,833,292	741,049
Bank overdraft	<u>(15,033,432)</u>	<u>(14,359,993)</u>	<u>(14,360,131)</u>
	<u>(14,565,849)</u>	<u>(12,526,701)</u>	<u>(13,619,082)</u>

**7 LOANS AND BORROWINGS**

	<i>30 June 2016 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>
Term loan	78,894,951	63,278,766
Documentary credit facility	<u>13,995,354</u>	<u>25,486,824</u>
	<u>92,890,305</u>	<u>88,765,590</u>

Presented in the interim statement of financial position as follows:

	<i>30 June 2016 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>
Current	10,541,975	43,067,499
Non-current	<u>82,348,330</u>	<u>45,698,091</u>
	<u>92,890,305</u>	<u>88,765,590</u>

Movement in the loans and borrowings are as follows:

	<i>30 June 2016 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>
At 1 January	88,765,590	71,767,635
Loan obtained during the period/ year	5,469,203	15,923,344
Loan repaid during the period/ year	(1,505,082)	(925,386)
Interest accrued (net of payment)	<u>160,594</u>	<u>1,999,997</u>
At 30 June/31 December	<u>92,890,305</u>	<u>88,765,590</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**7 LOANS AND BORROWINGS (CONTINUED)**

Details of loans and borrowings are as follows:

<i>Loan category</i>	<i>Facility outstanding amount</i>		<i>Year of maturity</i>	<i>Interest rate</i>	<i>Purpose of the facility</i>
	<i>30 June 2016 QR (Reviewed)</i>	<i>31 December 2015 QR (Audited)</i>			
Term loan (i)	63,705,846	-	April 2023	3.00%	Re-scheduled existing facilities
Term loan (ii)	7,886,768	-	April 2021	3.00%	Re-scheduled existing facilities
Term loan	4,171,789	4,101,660	January 2023	3.00%	Financing of machinery purchases obtained from Qatar Development Bank, a related party
Term loan	3,130,548	3,758,639	August 2019	5.00%	Re-scheduling of the existing facility for warehouse construction obtained from Qatar National Bank
Term loan (i)	-	39,989,331	April 2022	3.00%	Re-scheduling of the existing facility and financing for warehouse construction and purchase for machineries obtained from Qatar Development Bank, a related party
Term loan (i)	-	10,229,036	June 2016	3.00%	Facility for working capital, however, restructured to term loan obtained from Qatar Development Bank, a related party
Term loan (i)	-	5,200,101	September 2016	3.00%	Re-scheduling of the existing facility for working capital obtained from Qatar Development Bank, a related party
Documentary credit facility	7,791,445	8,683,212	November 2019	5.00%	Re-scheduling and increase in the existing facility for working capital obtained from Qatar National Bank
Documentary credit facility (i)	2,354,993	7,319,447	January 2016	3.00%	Financing of working capital obtained from Qatar Development Bank, a related party
Documentary credit facility (ii)	2,325,118	2,562,553	November 2016	3.00%	Financing of raw material purchase obtained from QDB, a related party
Documentary credit facility	1,523,798	1,503,835	December 2016	3.00%	Financing of warehouse construction obtained from QDB, a related party
Documentary credit facility (ii)	-	5,417,776	December 2016	3.00%	Financing of direct cost obtained from QDB, a related party
<b>Total</b>	<b>92,890,305</b>	<b>88,765,590</b>			

The Company's loans and borrowings are secured against specific plant, property and equipment of the Company.

- (i) During the period, the Company entered into a restructured agreement with their existing facilities with the purpose to convert the conventional facility to Islamic facility. The revised facility have a tenor of 7 years inclusive of grace period of 2 years from 10 April 2016 (approval date) with no principal or profit to be paid during the grace period. Payments will be paid in 20 quarterly installments over a period of 5 years after grace period.
- (ii) During the period, the Company entered into a restructured agreement with their existing facilities to one new Islamic account with tenor of 5 years, inclusive of 2 years grace period starting from 10 April 2016 (date of approval). No principal or profit to be paid during the grace period and payments will be paid in 12 quarterly installments over a period of 3 years after grace period.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**8 SEGMENT INFORMATION**

For management purposes, the Company is organized 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 performance are based on the single business unit identified by the management.

The Company does not have any foreign operations as of the reporting period end (31 December 2015: None).

**9 BASIC AND DILUTED EARNINGS 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.

	<i>Six-month ended</i>	
	<i>30 June 2016</i>	<i>30 June 2015</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Loss for the period	<u>(4,022,800)</u>	<u>(6,862,941)</u>
Weighted average number of shares outstanding during the period	<u>11,550,000</u>	<u>11,550,000</u>
Basic and diluted earnings per share (QR)	<u>(0.35)</u>	<u>(0.59)</u>

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.

**10 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:

	<i>Six-month ended</i>	
	<i>30 June 2016</i>	<i>30 June 2015</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Finance costs	<u>1,071,480</u>	<u>1,483,920</u>
<i>General and amortisation expenses:</i>		
Bank charges and commission	<u>86,360</u>	<u>235,082</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**10 RELATED PARTY DISCLOSURES (CONTINUED)**

**Compensation of key management personnel**

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

	<i>Six-month ended</i>	
	<i>30 June 2016</i>	<i>30 June 2015</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Salaries and other short-term benefits	272,623	232,695
End-of-service benefits	6,248	8,970
	<u>278,871</u>	<u>241,665</u>

**Related party balances**

The payables to related parties pertain to the loans and borrowings of the Company as disclosed in Note 7. These amounts are secured by the assets owned by the Company, with interests based on prevailing market rates and settlement normally occurs in cash.

**11 COMMITMENTS AND CONTINGENT LIABILITIES**

**Capital expenditure commitments**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Estimated capital expenditures contracted for at the end of the reporting period/year, but not provided for	<u>266,000</u>	<u>2,000,000</u>

As at 30 June 2016, the Company has unutilized portion of the loan available for asset finance amounting to QR 1,637,918 (31 December 2015: QR 2,745,691).

**Operating lease commitments**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
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	<u>115,271</u>	<u>121,034</u>
	<u>172,906</u>	<u>178,669</u>

**Contingent liabilities**

	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Letters of credit	-	2,304,268
Guarantees (tenders, performance bonds and miscellaneous)	<u>2,531,817</u>	<u>2,553,551</u>
	<u>2,531,817</u>	<u>4,857,819</u>



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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2016

### 12 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.

The carrying values of certain financial assets and liabilities as recorded could be different from the fair value. However, in the opinion of the management, the fair values of the these financial assets and liabilities are not considered to significantly differ from their carrying values, as most of these items are short-term in nature.

#### 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)

<i>At 30 June 2016</i>	<i>Level 1 QR (Reviewed)</i>	<i>Level 2 QR (Reviewed)</i>	<i>Level 3 QR (Reviewed)</i>	<i>Total QR (Reviewed)</i>
<b>Investment properties</b>	<u>-</u>	<u>-</u>	<u>12,590,000</u>	<u>12,590,000</u>
<i>At 31 December 2015</i>	<i>Level 1 QR (Audited)</i>	<i>Level 2 QR (Audited)</i>	<i>Level 3 QR (Audited)</i>	<i>Total QR (Audited)</i>
Investment properties	<u>--</u>	<u>-</u>	<u>12,590,000</u>	<u>12,590,000</u>

During the six-month period ended 30 June 2016, 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 2015: None).

### 13 CORRECTION OF ERROR

#### 13.1 Reversal of land-related transactions

In 2015, due to the insufficient documentation and concerns over the ownership of the leasehold land, the Board of Directors decided to reverse all entries relating to leasehold land that has been recorded by the Company in the year 2007 and 2011, respectively. The carrying amount of the property, plant and equipment and revaluation reserves as at 31 December 2015 were overstated by QR 30,261,702.

As a result of the above decision, the Company made the necessary adjustments to restate the previously reported amounts, resulting in decrease to property, plant and equipment and revaluation reserves as at 31 December 2014 by QR 30,261,702.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

At 30 June 2016

**13 CORRECTION OF ERROR (CONTINUED)**

**13.1 Reversal of land-related transactions (continued)**

Reconciliations as at 31 December 2013 of these accounts are as follows:

	<i>Note</i>	<i>Investment properties QR</i>	<i>Property, plant and equipment QR</i>	<i>Revaluation reserve QR</i>	<i>Accumulated losses QR</i>
At 31 December 2013, before restatement		25,646,363	159,977,133	42,261,396	(10,628,428)
<i>Correction of error:</i>					
Fair value gain reversals	<i>i</i>	(17,584,338)	-	-	(17,584,338)
Reclassification	<i>ii</i>	(7,432,025)	7,432,025	-	-
Reversal of revaluation reserve	<i>lii</i>	-	(30,261,702)	(30,261,702)	-
At 31 December 2013, after restatement		<u>630,000</u>	<u>137,147,456</u>	<u>11,999,694</u>	<u>(28,212,766)</u>

- i. The Company reversed fair value gains recorded on the leasehold land amounting to QR 17,584,338 accounted for as investment property using the fair value model since 2011.
- ii. The Company transferred back to property, plant and equipment the portion of the leasehold land amounting to QR 7,432,025 which was reclassified to investment property due to its change in use over the years since 2011.
- iii. The Company reversed revaluation reserve pertaining to the leasehold land amounting to QR 30,261,702 which was the assessed fair value of the land when it was capitalised in 2007.

**13.2 Correction of error on absorption costing**

In 2014, the Company corrected an error in recording the direct cost of manufacturing relating to the year ended 31 December 2013. As a result of this error, the carrying amount of the inventories as at 31 December 2013 was overstated and the cost of sales for the year then ended were understated by QR 1,476,160.

The Company has made the necessary adjustments to restate the previously reported amounts, resulting in increases in loss for the year ended 31 December 2013, and inventories and accumulated losses as at 31 December 2013 by QR 1,476,160.

Reconciliations of these accounts are as follows as at 31 December 2013 are shown below:

	<i>Inventory QR</i>	<i>Accumulated losses QR</i>
At 31 December 2013, before restatement	20,575,342	(10,628,428)
Correction of error	<u>(1,476,160)</u>	<u>(1,476,160)</u>
At 31 December 2013, after restatement	<u>19,099,182</u>	<u>(12,104,588)</u>

**14 RECLASSIFICATION OF COMPARATIVE AMOUNTS**

Certain comparative figures have been reclassified to conform to the presentation in the current period's interim condensed financial statements. However, such reclassifications did not have any effect on the previously reported loss for the period or equity.