QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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Independent auditors' report

To
The Shareholders
Qatari German Company for Medical Devices Q.S.C.
Doha
State of Qatar

Report on the financial statements

We have audited the accompanying financial statements of Qatari German Company for Medical Devices Q.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion above, we draw attention to Note 4.1 to the financial statements in relating to the leased land.

Other matter

The financial statements of the Company for the year ended 31 December 2012 were audited by another auditor, who expressed a qualified opinion on those financial statements dated 11 February 2013 due to the fact that the previous auditor was not provided the evidences that the Company has conducted an impairment assessment for intangible assets and investment property.

Report on other legal and regulatory requirements

We have obtained all the information and explanations which we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and the financial statements are in agreement therewith. The physical count of inventories has been conducted in accordance with the established principles. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No. 5 of 2002 or the terms of the Company's Articles of Association having occurred during the year which might have had a material adverse effect on the business of the Company or its financial position of the Company as of 31 December 2013.

20 March 2014
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 251

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

In Qatari Riyals

	Note	**31 December 2013**	31 December 2012 (Restated)	1 January 2012 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	4	159,977,133	157,340,217	148,496,637
Investment property	5	25,646,363	25,741,377	22,876,734
Intangible assets	6	28,326,179	27,799,673	27,799,673
Total non-current assets		213,949,675	210,881,267	199,173,044
Current assets				
Inventories	7	20,575,342	13,193,911	8,640,946
Trade and other receivables	8	7,416,446	7,044,873	1,889,193
Cash and bank balances	9	1,817,819	406,813	3,835,732
Total current assets		29,809,607	20,645,597	14,365,871
TOTAL ASSETS		**243,759,282**	231,526,864	213,538,915
EQUITY AND LIABILITIES				
Equity				
Share capital	10	115,500,000	115,500,000	115,500,000
Legal reserve	11	30,343,120	30,343,120	30,343,120
Revaluation reserve	12	42,261,396	42,411,766	42,697,060
(Accumulated losses) / Retained earnings		(10,628,428)	(2,881,772)	1,482,386
Total equity		177,476,088	185,373,114	190,022,566
Non-current liabilities				
Provision for employees' end of service benefits	13	534,889	582,934	617,339
Loans and borrowings	14	36,737,542	32,330,032	19,357,822
Total non-current liabilities		37,272,431	32,912,966	19,975,161
Current liabilities				
Loans and borrowings	14	15,906,382	10,003,900	8,840
Trade and other payables	15	3,223,017	2,957,135	1,395,693
Bank overdraft	9	9,881,364	279,749	2,136,655
Total current liabilities		29,010,763	13,240,784	3,541,188
Total liabilities		66,283,194	46,153,750	23,516,349
TOTAL EQUITY AND LIABILITIES		**243,759,282**	231,526,864	213,538,915

These financial statements were approved by the Board of Directors and signed on their behalf by the following on 20 March 2014.

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Abdulaziz Nasser M. N. Al-Khalifa — *Chairman of the Board of Directors*

Fareeda Ali Abul Fath — *Vice Chairman*

The attached notes 1 to 30 form an integral part of these financial statements.

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

In Qatari Riyals

	Note	2013	2012 (Restated)
Revenue	16	11,414,516	13,749,337
Direct cost	17	(10,279,238)	(11,909,696)
Gross profit		**1,135,278**	1,839,641
Other income	18	234,003	191,933
Increase in fair value of investment property	5	5,086,353	2,864,643
Selling and distribution expenses	19	(2,449,186)	(1,961,971)
General and administrative expenses	20	(9,458,927)	(5,989,804)
Operating loss		**(5,452,479)**	(3,055,558)
Finance cost	21	(2,444,547)	(1,593,894)
Loss for the year		**(7,897,026)**	(4,649,452)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(7,897,026)**	(4,649,452)
Basic and diluted loss per share	22	**(0.68)**	(0.40)

The attached notes 1 to 30 form an integral part of these financial statements.

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2013

In Qatari Riyals

	Note	Share capital	Legal reserve	Revaluation reserve	Retained earnings/ (Accumulated losses)	Total
Balance at 1 January 2012, as previously reported		115,500,000	30,343,120	51,791,442	3,317,238	200,951,800
Impact of change in accounting policy	29	-	-	(9,374,881)	-	(9,374,881)
Transfer to revaluation reserve	29	-	-	280,499	(280,499)	-
Prior year adjustment - reversal of additional depreciation	29	-	-	-	280,499	280,499
Prior year adjustment - depreciation	28 (i)	-	-	-	(1,834,852)	(1,834,852)
Restated balance at 1 January 2012		115,500,000	30,343,120	42,697,060	1,482,386	190,022,566
Total comprehensive income for the year (Restated)						
Loss for the year (Restated)		-	-	-	(4,649,452)	(4,649,452)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year (Restated)		-	-	-	(4,649,452)	(4,649,452)
Transfer from revaluation reserve		-	-	(363,446)	363,446	-
Transfer to revaluation reserve	29	-	-	78,152	(78,152)	-
Restated balance at 31 December 2012 (Restated)		115,500,000	30,343,120	42,411,766	(2,881,772)	185,373,114
Restated balance at 1 January 2013 (Restated)		**115,500,000**	**30,343,120**	**42,411,766**	**(2,881,772)**	**185,373,114**
Total comprehensive income for the year						
Loss for the year		-	-	-	(7,897,026)	(7,897,026)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(7,897,026)	(7,897,026)
Transfer from revaluation reserve		-	-	(150,370)	150,370	-
Balance at 31 December 2013		**115,500,000**	**30,343,120**	**42,261,396**	**(10,628,428)**	**177,476,088**

The attached notes 1 to 30 form an integral part of these financial statements.

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013 In Qatari Riyals

	Note	2013	2012 (Restated)
Cash flows from operating activities			
Loss for the year		(7,897,026)	(4,649,452)
Adjustments for:			
Depreciation and amortization	4 & 6	2,882,021	1,535,837
Property, plant and equipment written off	4	330,511	-
Change in fair value of investment property	5	(5,086,353)	(2,864,643)
Profit on disposal of property, plant and equipment	18	(30,000)	-
Provision for employees' end of service benefits	13	272,111	296,946
Provision for impairment of trade receivables	8	28,216	-
Provision for slow moving inventories	7	43,938	-
Finance cost	21	2,444,547	1,593,894
Operating loss before working capital changes		**(7,012,035)**	(4,087,418)
Changes in inventories		(7,425,369)	(4,552,965)
Changes in trade and other receivables		(399,789)	(5,155,680)
Changes in trade and other payables		265,882	1,561,442
Cash used in operating activities		**(14,571,311)**	(12,234,621)
Employees' end of service benefit paid	13	(320,156)	(331,351)
Finance cost paid		(1,851,695)	(1,349,653)
Net cash used in operating activities		**(16,743,162)**	(13,915,625)
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(1,194,587)	(10,379,417)
Proceeds from sale of property, plant and equipment		30,000	-
Net cash used in investing activities		**(1,164,587)**	(10,379,417)
Cash flows from financing activities			
Proceeds from loans and borrowings	14	20,128,621	38,484,687
Repayments of loans and borrowings	14	(10,411,481)	(15,761,658)
Net cash generated from financing activities		**9,717,140**	22,723,029
Net decrease in cash and cash equivalents		**(8,190,609)**	(1,572,013)
Cash and cash equivalents at 1 January		127,064	1,699,077
Cash and cash equivalents at 31 December	9	**(8,063,545)**	127,064

The attached notes 1 to 30 form an integral part of these financial statements.

1. REPORTING ENTITY

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 principal place of business is Doha.

The principal activity of the Company is to manufacture single use disposable syringes.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

These financial statements have been prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Investment property is measured at fair value;
- Land and building are measured at fair value.

The methods used to measure fair value are discussed further in notes 5 and 27.

c) Functional and presentation currency

These financial statements are presented in Qatari Riyals, which is the Company's functional currency. All financial information presented in Qatari Riyals has been rounded to the nearest Qatari Riyal.

d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described as follows:

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgements (continued)

Impairment of inventories
Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of trade and other receivables
An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives, residual values and related depreciation charges of property, plant and equipment
The Company's management determines the estimated useful lives of its property, plant and equipment to calculate depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually. Future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Useful lives, residual values and related amortisation charges of intangible assets
The Company's management determines the estimated useful lives of intangible assets to calculate amortisation except for patent and know-how for which useful life is infinite. This estimate is determined after considering the expected usage of the asset. Management reviews the residual values and useful lives annually. Future amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES AND PROCEDURES

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IAS, IFRS and IFRIC interpretations effective as of 1 January 2013 and the change in accounting policy for the subsequent measurement for plant and machinery from revaluation model to cost mode (Note 29).

The following standards, amendments and interpretations, which became effective 1 January 2013, are relevant to the Company:

i) IAS 1 (amendment) - Presentation of items of other comprehensive income
The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning after 1 July 2012 with an option of early application. The Company does not expect to have a significant impact on the financial statements on adoption of this amendments.

ii) IFRS 7 (amendment) - Disclosures - Offsetting financial assets and financial liabilities (2011)
IFRS 7 introduces disclosures about the impact of netting arrangements on an entity’s financial position. Based on the new disclosure requirements the Company will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

The Company does not expect to have a significant impact on the financial statements on adoption of this amendment.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

iii) IAS 19 – Employee benefits (2011) (amendment)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. The Company does not expect to have a significant impact on the financial statements on adoption of this amendment.

iv) IFRS 13 Fair Value Measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

As a result, the Company has included additional disclosures in this regard. Please refer to notes 5 and 27. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company, however, requires specific disclosures on fair values which has been disclosed by the Company in the notes 5 and 27.

v) Improvements to IFRS (2011)

Improvements to IFRS issued in 2011 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Company as a result of these amendments.

3.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2014, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to early adopt these standards.

i) IFRS 9 - Financial instruments

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

i) IFRS 9 - Financial instruments (continued)

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces a new general hedge accounting standard which would align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39. The new standard does not fundamentally change the types of hedging relationships or the requirements to measure and recognize ineffectiveness; however, more judgement would be required to assess the effectiveness of a hedging relationship under the new standard.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, application of IFRS 9 is permitted. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Company has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed.

Given the nature of the Company's operations, this standard is not expected to have a significant impact on the Company's financial statements.

ii) Amendments to IAS 32 on offsetting financial assets and financial liabilities (2011)
Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

The Company is not expecting a significant impact from the adoption of these amendments.

iii) Amendments to IAS 36 on recoverable amount disclosures for non-financial assets
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) have expanded disclosures of recoverable amounts when the amounts are based on fair value less costs of disposals and impairment is recognized.

The amendments are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

The Company is not expecting a significant impact from the adoption of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change in accounting policies described in Note 3.1.

a) Property, plant and equipment

Recognition and measurement
Property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus is recognized in other comprehensive income and presented in the revaluation reserve in equity, except to the extent that it reverses revaluation decrease of the same asset previously recognized in the profit or loss, in which case the increase is recognized in the statement of income. A revaluation deficit is recognized in the statement of income, except that deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. Valuations are performed frequently enough to ensure that the fair value of the revalued assets do not differ materially from its carrying value.

Reclassification to investment property
When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

Subsequent costs
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is possible that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment except for machinery and equipment which is depreciated on the basis of utilisation since these methods most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Property, plant and equipment (continued)

The estimated useful lives of the property, plant and equipment in the current and comparative periods are as follows:

Buildings	30 years
Machinery and equipments	On the basis of utilization
Motor vehicles	5 years
Furniture, fixtures and equipments	5 years
Computers	3 years

Depreciation method, residual value and useful lives of the plant and equipment are reviewed at each reporting date and adjusted if appropriate.

b) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

c) Intangible assets

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. An intangible asset is initially measured at cost.

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it’s probable that they will lead to future economic benefits, are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Intangible assets are amortized on a straight line basis in the profit or loss from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset’s economic benefits are consumed by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets (continued)

The estimated useful life of the intangible asset in the current and comparative periods is as follows:

Patents and know-how	Indefinite useful life
Computer software	5 years

The intangible asset with an indefinite useful life should not be amortised and the useful life of such an asset should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision is made for obsolete and slow-moving items based on management's judgement.

e) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: trade and other receivables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts for the purpose of statement of cash flows.

(ii) Non-derivative financial liabilities
The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Trade and other payables
Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier. Subsequent to initial recognition, trade and other payables are measured at amortized cost using the effective interest method.

Loans and borrowings
Loans and borrowings are recognised initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability.

Gains or losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those qualify for capitalisation.

(iii) Derivative financial instruments
The Company does not hold derivative financial instruments as at the end of reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non financial assets

The carrying amounts of the Company's assets other than inventories and investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then asset's recoverable amount is estimated. An impairment loss is recognised in profit or loss, whenever the carrying amount of an asset exceeds its recoverable amount.

The impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Share capital

Ordinary shares

Ordinary shares are classified as equity. The bonus shares and rights issued during the year are shown as an addition to the share capital. Issue of bonus shares are deducted from the accumulated retained earnings of the Company. Any share premium on rights issue are accounted in compliance with local statutory requirements.

h) Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

i) Provision for employees' end of service benefits

The Company provides for employees' end of service benefits determined in accordance with the provision of the Qatar Labour Law No. 14 of 2004 based on employees' salaries and period of employment and are paid to the employees on termination of employment with the Company. The Company has no expectation of settling its employees' end of service benefits obligation in near term and hence classified this as a non- current liability. The provision is not discounted as the difference between the provision stated in the statement of financial position and net present value is not expected to be significant.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Revenue recognition

Revenue from sale of goods
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the buyer; recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Rental income
Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease.

k) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor
The amounts due from lessees under finance leases are recorded as receivables at the amount of Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of leases.

The Company as lessee
Rentals payable under operating leases are charged to the statement of profit or loss on a straight –line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

l) Earnings per share

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

m) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated in to Qatari Riyals at exchange rate prevailing at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are retranslated to Qatari Riyals at the exchange rates prevailing at the reporting date. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

n) Events after reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Machinery and equipment	Motor vehicles	Furniture, fixtures and equipments	Computers	Capital work in progress (CWIP)	Total 2013	Total 2012 (Restated)
Cost									
Balance at 1 January (Restated)	20,060,310	54,133,447	89,115,130	342,500	1,592,112	512,023	-	165,755,522	155,600,266
Additions	-	7,000	-	-	152,093	70,278	965,216	1,194,587	10,379,417
Transfer from investment property (Note 4.4)	2,769,367	2,412,000	-	-	-	-	-	5,181,367	-
Write-off (Note 4.5)	-	-	-	-	(11,847)	(33,715)	(330,511)	(376,073)	(224,161)
Transfer to intangible assets (Note 4.6)	-	-	-	-	-	-	(596,044)	(596,044)	-
Disposals	-	-	-	(148,000)	-	-	-	(148,000)	-
Balance at 31 December	22,829,677	56,552,447	89,115,130	194,500	1,732,358	548,586	38,661	171,011,359	165,755,522
Accumulated depreciation									
Balance at 1 January (Restated)	-	3,115,657	3,938,541	269,231	753,838	338,038	-	8,415,305	7,103,629
Charge for the year	-	1,844,600	694,279	15,702	151,700	106,202	-	2,812,483	1,535,837
Write-off (Note 4.5)	-	-	-	-	(11,847)	(33,715)	-	(45,562)	(224,161)
Disposals	-	-	-	(148,000)	-	-	-	(148,000)	-
Balance at 31 December	-	4,960,257	4,632,820	136,933	893,691	410,525	-	11,034,226	8,415,305
Carrying amounts									
At 31 December 2013	**22,829,677**	**51,592,190**	**84,482,310**	**57,567**	**838,667**	**138,061**	**38,661**	**159,977,133**	**-**
At 31 December 2012 (Restated)	20,060,310	51,017,790	85,176,589	73,269	838,274	173,985	-	-	157,340,217

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation for the year has been allocated as follows:

	2013	2012 (Restated)
Direct cost	2,256,553	1,137,468
General and administrative expenses	555,930	398,369
	2,812,483	1,535,837

4.1 The Company has signed a lease contract on 1 July 2000 with the Ministry of Municipal Affairs and Agriculture with an annual lease rental of QAR 11,527 for a period of 30 years. As per the lease contract, the renewal of the lease contract at the end of lease period is subject to mutual agreement by the both parties and also the present value of minimum lease payments is not substantially all of the fair value at the inception of the lease. Further, the lease is for a period of 30 years which is not the majority of the life of land and there is no ownership transfer at the end of 30 years to the Company. The Company is not entitled to exercise a purchase option at the end of the lease period. These factors indicate that the lease is an operating lease.

However, the management is view that the risk and rewards of the leased land will be transferred to the Company at the end of the lease period based on the subsequent discussion with the Ministry of Municipality and Urban Planning and have also sent a request letter to the Ministry to confirm the same. The management expects that the final decision on the transfer of the ownership of the land will be finalized in 2014.

4.2 During the year ended 31 December 2007, the Company has re-valued its leased land, buildings and machinery and equipment with the assistance of a qualified external valuer to reflect the current market value of these assets in the Company's financial statements and the resulting revaluation gain is reflected in the revaluation reserve under equity.

4.3 During the year, the management has decided to change its accounting policy for machinery and equipment from revaluation model to cost model to provide reliable and more relevant financial information. Accordingly the management has decided to restate the prior year figures to reflect this change in accounting policy (Note 29).

4.4 Land and building amounting to QR 2,769,367 and QR 2,412,000 respectively were transferred from investment property to property, plant and equipment during the year due to change in use with the commencement of owner-occupation.

4.5 Net carrying value of QR 330,511 relating to capital work in progress, computers and furniture, fixtures and equipment were written off during the year.

4.6 During the year, the costs incurred for the development of the Company's ERP system were transferred from capital work in progress to intangible assets upon the completion.

4.7 The details of the property, plant and equipment which were secured against the Company's loans and borrowing are disclosed under Note 14.

5. INVESTMENT PROPERTY

(a) Reconciliation of carrying amounts

	Land	**Building**	**2013**	2012 (Restated)
Balance at 1 January	19,733,675	6,007,702	25,741,377	22,876,734
Change in fair value	7,373,922	(2,287,569)	5,086,353	2,864,643
Transfer to property, plant and equipment (Note 4.4)	(2,769,367)	(2,412,000)	(5,181,367)	-
Balance at 31 December	24,338,230	1,308,133	**25,646,363**	25,741,377

Investment property comprises of the portion of the Company's land and building rented to an external party. The Company has re-valued the investment property with the assistance of a qualified external valuer to reflect the current market value of the land and building as at 31 December 2013.

(b) Measurement of fair value

Fair value hierarchy
The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment properties portfolio every six months. The fair value was determined based on market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Level 3 fair value
The above table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

Level in the fair value hierarchy
The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- 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 or indirectly
- Level 3 : inputs for the asset or liability that are not based on observable market data

6. INTANGIBLE ASSETS

	Patents and know-how	Computer software	2013	2012
Cost				
Balance at 1 January	27,799,673	-	27,799,673	27,799,673
Transfer from property, plant and equipment	-	596,044	596,044	-
Balance at 31 December	27,799,673	596,044	28,395,717	27,799,673
Amortization				
Balance at 1 January	-	-	-	-
Charge for the year	-	69,538	69,538	-
Balance at 31 December	-	69,538	69,538	-
Carrying amounts				
Balance at 31 December 2013	**27,799,673**	**526,506**	**28,326,179**	**-**
Balance at 31 December 2012	27,799,673	-	-	27,799,673

Patents and know-how
During the year ended 31 December 2007, the Company acquired the full rights for the use of the patents and know how without any limitations and the patents now belong to the Company with full rights. All the expenses related to development and acquisition of patents and know-how has been included in the cost of patents and know-how.

The management has performed an impairment test for the intangible assets with indefinite useful life as at 31 December 2013 and the recoverable amount of the CGU was determined based on value in use calculated using cash flows projections by the management covering a period of 5 years. Based on the above calculation, there is no evidence of impairment in the value of the said intangible assets as at 31 December 2013.

Computer software
During the year, the Company has acquired the software licence (Company's ERP system) and this is amortized over a period of 5 years (Note 4.6).

7. INVENTORIES

	2013	2012 (Restated)
Raw materials	11,093,654	9,720,640
Work in progress	3,785,017	-
Finished goods	3,082,439	1,643,764
Spare parts	1,813,582	1,200,769
Consumables	302,591	253,761
	20,077,283	12,818,934
Less: Provision for slow moving inventories	(43,938)	-
	20,033,345	12,818,934
Goods in transit	541,997	374,977
	20,575,342	13,193,911

8. TRADE AND OTHER RECEIVABLES

	2013	2012
Trade receivables	5,254,179	6,273,883
Less: Provision for impairment	(28,216)	-
	5,225,963	6,273,883
Prepaid expenses	345,196	416,302
Advance to suppliers	1,477,345	319,667
Other receivables	367,942	35,021
	7,416,446	7,044,873

9. CASH AND BANK BALANCES

	2013	2012
Cash in hand	18,880	20,000
Current accounts with banks	1,798,939	386,813
Cash and bank balances	**1,817,819**	406,813
Less: Bank overdraft	(9,881,364)	(279,749)
Cash and cash equivalents	**(8,063,545)**	127,064

10. SHARE CAPITAL

	2013	2012
Authorized, issued and fully paid up capital:		
11,550,000 shares of QR 10 each contributed	**115,500,000**	115,500,000

11. LEGAL RESERVE

The legal reserve is maintained in compliance with the provisions of Qatar Commercial Companies Law No. 5 of 2002 which requires the Company to transfer 10% of the net profit to the legal reserve until the reserve equals 50% of the share capital. No such transfer was made by the Company during the year as the Company incurred a loss during the year. The reserve is not available for distribution except in the manner stated in the above Law.

12. REVALUATION RESERVE

The revaluation reserve relates to the revaluation of the occupied land and buildings under property, plant and equipment.

13. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2013	2012
Balance at 1 January	582,934	617,339
Provided during the year	272,111	296,946
Paid during the year	(320,156)	(331,351)
Balance at 31 December	**534,889**	582,934

14. LOANS AND BORROWINGS

	2013	2012
Term loan	32,581,488	32,560,843
Commercial loan	6,852,286	-
Documentary credit facility	13,187,509	9,736,999
Credit card payable	22,641	36,090
	52,643,924	42,333,932

Presented in the statement of financial position as follows:

	2013	2012
Current liabilities	15,906,382	10,003,900
Non-current liabilities	36,737,542	32,330,032
	52,643,924	42,333,932

Reconciliation of loans and borrowing

	2013	2012
Balance at 1 January	42,333,932	19,366,662
Loan obtained during the year	20,128,621	38,484,687
Loan paid during the year	(10,411,481)	(15,761,658)
Interest accrued	592,852	244,241
Balance at 31 December	**52,643,924**	42,333,932

Loan category	**Facility outstanding amount**		**Year of maturity**	**Collateral**	**Interest rate**	**Purpose of the facility**
	2013	2012				
Term loan	32,581,488	32,560,843	April 2022	Secured against the Properties	3.50%	Re-scheduling of the existing facility obtained from Qatar Development Bank, a related party
Commercial loan	2,000,000	-	December 2017	Secured against the Properties	4.50%	Construction of warehouse obtained from Qatar National Bank, a related party
Commercial loan	4,852,286	-	July 2015	Secured against the Properties	3.50%	Financing of working capital obtained from Qatar Development Bank, a related party
Documentary credit facility	2,157,054	661,889	June 2014	Secured against the Properties	5%	Financing of working capital obtained from Qatar National Bank, a related party
Documentary credit facility	11,030,455	9,075,110	September 2014	Secured against the Properties	3%	Financing of working capital obtained from Qatar Development Bank, a related party
Total	**52,621,283**	42,297,842				

15. TRADE AND OTHER PAYABLES

	2013	2012
Trade payables	2,254,384	2,310,466
Dividend payable	215,891	215,891
Accrued expenses	597,549	132,966
Other payables	155,193	297,812
	3,223,017	2,957,135

16. REVENUE

	2013	2012
Sale of syringes	9,624,642	13,044,143
Sale of IV cannula	1,121,399	509,070
Sale of packed needles	539,987	143,366
Sale of trading products	128,488	52,758
	11,414,516	13,749,337

17. DIRECT COST

	2013	2012 (Restated)
Cost of syringes	8,533,571	11,413,096
Cost of IV cannula	1,028,466	380,039
Cost of packed needles	309,691	90,917
Cost of trading products	407,510	25,644
	10,279,238	11,909,696

18. OTHER INCOME

	2013	2012
Rent	196,500	180,000
Profit on disposal of property, plant and equipment	30,000	-
Others	7,503	11,933
	234,003	191,933

19. SELLING AND DISTRIBUTION EXPENSES

	2013	2012
Advertisement expenses	47,222	105,021
Commission	936,920	-
Business promotion	558,739	512,270
Freight charges for sales	906,305	1,344,680
	2,449,186	1,961,971

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012 (Restated)
Salaries and wages	4,375,474	3,306,399
Legal and professional fees	399,627	392,857
Patent and renewal costs	72,425	108,212
Rent	1,284,268	135,090
Conveyance	367,873	100,733
Repairs and maintenance	771,409	376,809
Utilities	233,284	242,648
Office and miscellaneous expenses	484,683	338,528
Foreign exchange loss	28,375	5,025
Depreciation (Note 4)	555,930	398,369
Amortization (Note 6)	69,538	-
Provision for slow moving inventories (Note 7)	43,938	-
Inventories written off	380,938	585,134
Provision for impairment (Note 8)	28,216	-
Debtors written off	32,438	-
Property, plant and equipment written off (Note 4.5)	330,511	-
	9,458,927	5,989,804

21. FINANCE COST

	2013	2012
Bank charges and commission	522,525	372,278
Interest expense	1,922,022	1,221,616
	2,444,547	1,593,894

22. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

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

	2013	2012 (Restated)
Loss for the year	(7,897,026)	(4,649,452)
Weighted average number of shares	11,550,000	11,550,000
Basic and diluted loss per share	**(0.68)**	(0.40)

23. RELATED PARTY DISCLOSURES

Related party transactions and balances
Related parties represent associated companies including Government and semi Government agencies, associates, major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners. In the ordinary course of business the Company enters into transactions with related parties. Pricing policies and terms of transactions are approved by the Company's management. The Company enters into commercial transactions with Government related entities in the ordinary course of business in terms of obtaining operating lease, obtaining credit facilities etc.

Transactions with Government and related entities
The Company enters into commercial transactions with other Government related entities in the ordinary course of business and all these transactions are at arm's length and in the normal course of business.

Transactions with Directors and other key management personnel
Key management personnel comprise the Board of Directors and key members of management having authority and responsibility of planning, directing and controlling the activities of the Company.

a) Transactions with related parties

	2013	2012
Loans obtained during the year (Note 14)	**20,128,621**	38,435,223
Loans paid during the year (Note 14)	**10,167,240**	(15,761,658)
Interest	**1,922,022**	1,221,616
Bank charges and commission	**522,525**	372,278

b) Compensation to key management personnel

	2013	2012
Short-term benefits	1,872,876	1,952,747
Post-employment benefits	63,261	69,363
	1,936,137	2,022,110

24. COMMITMENTS

Capital expenditure commitments

	2013	2012
Estimated capital expenditures contracted for at the end of the financial reporting year, but not provided for	**7,636,250**	-

Operating lease commitments

Future minimum lease payments:	2013	2012
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	144,088	155,615
Total operating lease expenditure contracted as at 31 December	**201,723**	213,250

25. CONTINGENT LIABILITIES

	2013	2012
Letter of credit	3,203,101	307,840
Contingent commercial loan	2,000,000	-
Guarantees (tenders, performance bonds and miscellaneous)	1,778,585	1,514,467
	6,981,686	1,822,307

26. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company is exposed to credit risk on trade and other receivables and bank balances.

Trade and other receivables
The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

Bank balances
The Company limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amounts	
	2013	2012
Trade receivables	5,254,179	6,273,883
Other receivables	367,942	35,022
Bank balances	1,798,939	386,813
	7,421,060	6,695,718

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) Credit risk (continued)

Impairment losses
Age analysis of financial assets:

31 December 2013	**<30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**Above 121 days**	**Total**
Trade receivables	1,594,082	2,557,881	191,310	254,605	656,301	5,254,179
Other receivables	367,942	-	-	-	-	367,942
Bank balances	1,798,939	-	-	-	-	1,798,939
Total	**3,760,963**	**2,557,881**	**191,310**	**254,605**	**656,301**	**7,421,060**

31 December 2012	<30 days	31 to 60 days	61 to 90 days	91 to 120 days	Above 121 days	Total
Trade receivables	4,313,454	30,745	1,254,408	480,437	194,839	6,273,883
Other receivables	35,022	-	-	-	-	35,022
Bank balances	386,813	-	-	-	-	386,813
Total	4,735,289	30,745	1,254,408	480,437	194,839	6,695,718

ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. Management is of the opinion that the Company's exposure to currency risk is minimal as the Company's significant transactions are denominated in Qatari Riyal and the US Dollar, which is pegged against Qatari Riyal.

Interest rate risk
Interest rate risk is the risk that the Company's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Company has policy of ensuring that interest rates exposures are reviewed quarterly.

The Company's exposure to interest rate risk is limited due to the short-term nature of the funds invested in financial instruments. The Company adopts a policy of ensuring that interest rate is on a fixed rate basis, thus minimising interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amounts	
	2013	2012
Variable rate instruments		
Loans and borrowings	**52,643,924**	42,333,932

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Market risk (continued)

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit or loss		**Equity**	
	100 bp Increase	**100 bp decrease**	**100 bp increase**	**100 bp Decrease**
31 December 2013				
Variable rate instruments	**(526,439)**	**526,439**	**(526,439)**	**526,439**
31 December 2012				
Variable rate instruments	(423,339)	423,339	(423,339)	423,339

iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2013	**Carrying Amounts**	**Contractual cash flows**	**Less than 6 months**	**6 months to 1 year**	**More than 1 year**
Non-derivative financial liabilities					
Loans and borrowings	52,643,924	(52,643,924)	(7,953,191)	(7,953,191)	(36,737,542)
Trade payables	2,254,384	(2,254,384)	(2,254,384)	-	-
Other payables	371,084	(371,084)	(371,084)	-	-
Bank overdraft	9,881,364	(9,881,364)	(9,881,364)	-	-
	65,150,756	**(65,150,756)**	**(20,460,023)**	**(7,953,191)**	**(36,737,542)**

31 December 2012	Carrying Amounts	Contractual cash flows	Less than 6 months	6 months to 1 year	More than 1 year
Non-derivative financial liabilities					
Loans and borrowings	42,333,932	(42,333,932)	(5,001,950)	(5,001,950)	(32,330,032)
Trade payables	2,310,466	(2,310,466)	(2,310,466)	-	-
Other payables	513,703	(513,703)	(513,703)	-	-
Bank overdraft	279,749	(279,749)	(279,749)	-	-
	45,437,850	(45,437,850)	(8,105,868)	(5,001,950)	(32,330,032)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. Capital comprises of ordinary shares, reserves and retained earnings. The Directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

27. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements;

	Carrying amounts		**Fair values**	
	2013	2012	**2013**	2012
Financial assets				
Trade and other receivables	7,416,446	7,044,874	7,416,446	7,044,874
Cash and bank balances	1,817,819	406,813	1,817,819	406,813
	9,234,265	7,451,687	**9,234,265**	7,451,687
Financial liabilities				
Loans and borrowings	52,643,924	42,333,932	52,295,313	42,089,691
Trade and other payables	3,223,017	2,957,135	3,223,017	2,957,135
	55,866,941	45,291,067	**55,518,330**	45,046,826

Cash and bank balances, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 5 (b) describes the fair value measured using the fair value hierarchy.

28. CORRECTION OF ERRORS

i) The Company has erroneously recorded the tools and equipment purchased in 2006 amounting to QR 1,834,852 under inventories and during the year, these fully depreciated tools and equipments were transferred to property, plant and equipment. Accordingly the management has decided to restate the prior year figures to rectify the error;

ii) Further, the Company has not recognised the movement in fair value amounting to QR 2,864,643 in respect of the investment property as at 31 December 2012 and subsequently, the fair value of the investment property as at 31 December 2012 was done and the prior year figures have been restated to rectify the error;

iii) Also, the Company has not accounted for the inventory write off amounting to QR 585,134 after the physical count of the inventories as at 31 December 2012 and the previous year figures were restated to rectify this error.

28. CORRECTION OF ERRORS (CONTINUED)

Summary of the effects of the restatements due to the corrections of the above mentioned errors on the previously issued figures are as follows:

	Effect on 1 January 2013	**Effect on 1 January 2012**
Decrease in inventories due to transfer to property, plant and equipment (i)	-	(1,834,852)
Increase in accumulated losses due to reclassification of tools and equipment and related depreciation impact (i)	-	1,834,852
Increase in investment property due to fair value adjustment (ii)	2,864,643	-
Decrease in accumulated losses due to movement in fair value (ii)	(2,864,643)	-
Decrease in inventories due to write off (iii)	(585,134)	-
Increase in accumulated losses due to inventory write off (iii)	585,134	-

29. CHANGE IN ACCOUNTING POLICY

During the year 2007, the management has revalued its machinery and equipment and adopted the revaluation model. Revaluation gain recorded in 2007 in respect of machinery and equipment was QR 9,374,881. During the year, the management has decided to change its accounting policy for machinery and equipment from revaluation model to cost model to provide reliable and more relevant financial information. Accordingly, the management has decided to restate the prior year figures to reflect this change in accounting policy.

Summary of the effects of the restatements due to the change in accounting policy on the previously issued figures are as follows:

	Effect on 1 January 2013	**Effect on 1 January 2012**
Decrease in revaluation reserve due to reversal of revaluation	-	(9,374,881)
Decrease in machinery and equipment due to reversal of revaluation	-	(9,374,881)
Increase in machinery and equipment due to decrease in depreciation	78,152	280,499
Decrease in accumulated losses / increase in retained earnings due to decrease in depreciation	78,152	280,499
Decrease in retained earnings due to reversal of transfer of revaluation surplus	(78,152)	(280,499)
Increase in revaluation reserve due to reversal of transfer of revaluation surplus	78,152	280,499

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current year's financial statements. However, such reclassifications did not have any effect on the net income, net assets and equity of the previous year, except for the restatements due to the correction of errors and change in accounting policy mentioned in Note 28 and Note 29, respectively.