

**INDEPENDENT AUDITOR'S REPORT****To****The Shareholders****Qatari German Company for Medical Devices (Q.P.S.C.)****Doha – State of Qatar****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Qatari German Company for Medical Devices (Q.P.S.C) (the "Company"), Doha-State of Qatar, which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to these financial statements, which indicates that the company's accumulated losses amounting to QR.126,421,406 exceeded its share capital by QR.10,921,406 as at December 31, 2020. Pursuant to the Article 295 of the Qatari Commercial Companies Law No.11 of 2015, if the shareholding company's losses reaches half of its share capital, the Board of Directors should call for an extraordinary general assembly to discuss the continuation of the Company or 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 along with other matters set-forth in note 2, indicate the existence of material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to following notes to these financial statements;

- Note 6(h), where the company is in the process of ascertaining the carrying amounts of revalued buildings that would have been recognized had the buildings been carried under the cost model for disclosure purpose,
- Note 7(b), where in prior years the company frequently changed its use of buildings as to investment property and property, plant and equipment. However, the management is in the process of ascertaining the cumulative cost and changes in fair value of the respective buildings under investment property,
- Note 15(b), where the company is in the process of determining, the amount of depreciation based on the revalued carrying amount of the building and based on its original cost, in order to transfer from revaluation reserve to retained earnings.

Our opinion is not modified in respect of the above matters.



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نعمل بجهد أكبر لنبقى في المقدمة

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the material uncertainty related to going concern and emphasis of matter paragraphs above, we have determined the matters described below are key audit matters to be communicated in our report:

Key audit matters	How these key audit matters were addressed in our audit
<p>Impairment of machinery and equipment and patents and know-how (the “assets”): The above assets are critical to review, assess and test whether there is an indication for impairment. The assessment of impairment for the above assets are identified as key audit matter due to followings;</p> <ul style="list-style-type: none"> • Carrying value of the above assets are material, • Determining the recoverable value of the above assets require number of significant assumptions and judgments, • A considerable amount of previously recognized impairment losses related to machinery and equipment have been decreased and reversed during the year, • Patents and know-how with indefinite useful lives tested for impairment after prolonged time (the subject issue was resulted to qualify our audit report during 2019), • The annual impairment review of above assets assessed by the management with reference to the externally appointed consultants’ opinion. This involves significant degree of judgment and estimates. <p>The accounting policies and notes related to impairment of the above assets are disclosed in notes 4, 6 and 9.</p>	<p>Our procedures in relation to impairment of machinery and equipment and patents and know-how (the “assets”) included but not limited:</p> <ul style="list-style-type: none"> • Testing the design and implementation of key controls on the processes of estimating recoverable values of the above assets, • Understanding and evaluation of the process of identifying triggering events for impairment and reversal of previously recognized impairment losses, • Based on our knowledge and experience of the industry and understanding of the assets nature, critically evaluate the Company’s assessment of possible internal and external indicators of impairment in relations to the above assets, • Evaluate and assess the credentials, methodology, appropriateness, key assumptions and other factors including valuation inputs used by the externally appointed consultants for the assessments of recoverable amount. • Assessed the adoption of impairment effects to these financial statements are inline with the International Financial Reporting Standards.
<p>Loans and borrowings; The company’s capital structure is severely geared due to high level of debt financing. The debt capital mainly consists of loans and borrowings including bank overdrafts. The loans and borrowings are considered as key audit matter due to followings;</p> <ul style="list-style-type: none"> • The amount of total debt is significant to the statement of financial position (QR.141,480,315 and 78% of total assets of the company), • Debt to equity reaches to 4.49: 1, due to severe bank financing, • The significant portion of bank borrowings amounted to QR.121,600,768 are from a major shareholder which is 67% of total assets, • Most of assets of the company are pledged against these loans and borrowings, • Considerable amount of finance charges are incurred by the company, • Higher geared level lead to significant effects to ordinary shareholders. 	<p>Our procedures in relation to loans and borrowings included but not limited;</p> <ul style="list-style-type: none"> • Obtained direct confirmations from lending institutions for the balances prevailed as at December 31, 2020, • Obtained facility agreements including rescheduled agreements and details of the assets pledged against the borrowings to ensure whether the presentation and disclosures related to loans and borrowings were accurate and fairly disclosed, • On a sample basis, verified the movements in loans and borrowings to ensure whether the related assertions were met, • Obtained appropriate documentary evidences to ensure whether the short and long term classifications are accurate, • Evaluate the independence and reasonability of loans obtained from the major shareholder and assessed whether transactions with the above related party are arms length.

Other Information

The management and those charged with governance are responsible for the other information. The other information comprises the information included in the Company's Annual Report of year 2020 (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

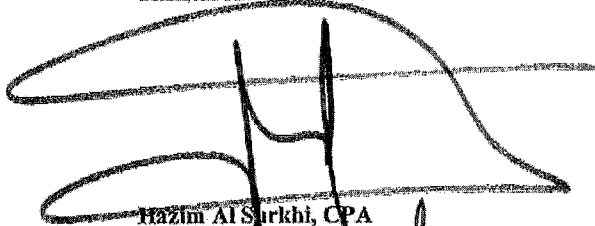
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements


Furthermore, in our opinion, proper books of accounts have been kept by **Qatari German Company for Medical Devices (Q.P.S.C) (the "Company")**, Doha-State of Qatar, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatari Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. Except for the matters described in the Material Uncertainty Related to Going Concern paragraph and Emphasis of Matter paragraphs, we have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the company or on its financial position.

TALAL ABU-GHAZALEH & CO.



Hazim Al Surkhi, CPA
(Licence No. 119)
QFMA Licence No. 120152
Doha, March 4, 2021




Talal Abu-Ghazaleh & Co.
Qatar Office

QATARI GERMAN COMPANY FOR MEDICAL DEVICES (Q.P.S.C.)
DOHA – STATE OF QATAR


EXHIBIT "A"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and capital work in progress	-6-	115,849,403	116,286,878
Investment properties	-7-	12,590,000	12,590,000
Right-of-use assets	-8-	97,578	106,871
Intangible assets	-9-	10,329,937	10,329,937
Total Non-Current Assets		138,866,918	139,313,686
CURRENT ASSETS			
Inventories	-10-	22,308,860	11,271,253
Accounts and other receivables	-11-	16,203,300	2,581,390
Cash in hand and at banks	-12-	3,035,218	961,908
Total Current Assets		41,547,378	14,814,551
Total Assets		180,414,296	154,128,237
EQUITY AND LIABILITIES			
EQUITY			
Share capital	-13-	115,500,000	115,500,000
Legal reserve	-14-	30,431,538	30,343,120
Revaluation reserve	-15-	11,999,694	11,999,694
Accumulated losses		(126,421,406)	(127,195,066)
Net Equity – Exhibit C		31,509,826	30,647,748
NON-CURRENT LIABILITIES			
Employees' end of service benefits	-16-	973,031	997,117
Loans and borrowings - long term portion	-17-	121,600,768	99,968,055
Lease liabilities -long term portion	-8-	90,763	97,529
Total Non-Current Liabilities		122,664,562	101,062,701
CURRENT LIABILITIES			
Loans and borrowings - short term portion	-17-	4,843,797	4,800,102
Lease liabilities -short term portion	-8-	8,458	8,032
Accounts and other payables	-18-	6,351,903	2,455,014
Bank overdraft	-12-	15,035,750	15,154,640
Total Current Liabilities		26,239,908	22,417,788
Total Liabilities		148,904,470	123,480,489
Total Equity and Liabilities		180,414,296	154,128,237

These financial statements were approved by the Board of Directors on March 4, 2021 and signed on its behalf by:


Mr. Saleh Majed Al Khulaf
 Chairman


Mr. Eisa Khalid Al-Maslamani
 Board Member and Managing Director



THE ACCOMPANYING NOTES 1 TO 33 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS

QATARI GERMAN COMPANY FOR MEDICAL DEVICES (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "B"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
Revenue	-19-	24,568,510	8,158,702
Operating cost (Except Depreciation)	-20-	(18,342,245)	(7,371,608)
Gross profit		6,226,265	787,094
Other income	-21-	3,466,361	2,986,056
Reversal of previously recognized impairment losses	-6-	4,388,081	-0-
Selling and distribution expenses	-22-	(461,172)	(437,536)
General and administrative expenses	-23-	(4,365,534)	(4,592,369)
Depreciation	-24-	(5,484,838)	(5,530,376)
Operating profit (loss) before finance cost for the year		3,769,163	(6,787,131)
Finance cost	-25-	(2,884,980)	(3,599,146)
Profit (loss) for the year – Exhibits C & D		884,183	(10,386,277)
Other comprehensive income – Exhibit C		-0-	-0-
Total comprehensive income (loss) for the year – Exhibit C		884,183	(10,386,277)
		=====	=====
Earnings per share			
Basic and diluted earnings per share (QR.)	-26-	0.008	(0.090)
		=====	=====

THE ACCOMPANYING NOTES 1 TO 33 CONSTITUTE AN INTEGRAL PART OF THESE
 FINANCIAL STATEMENTS

QATARI GERMAN COMPANY FOR MEDICAL DEVICES (Q.P.S.C)
DOHA – STATE OF QATAR

EXHIBIT "C"

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Share Capital (QR.)	Legal Reserve (QR.)	Revaluation Reserve (QR.)	Accumulated Losses (QR.)	Total (QR.)
Balance as at December 31, 2018	115,500,000	30,343,120	11,999,694	(116,808,789)	41,034,025
(Loss) for the year – Exhibit B	-0-	-0-	-0-	(10,386,277)	(10,386,277)
Other comprehensive income –Exhibit B	-0-	-0-	-0-	-0-	-0-
Total comprehensive (loss) for the year – Exhibit B	-0-	-0-	-0-	(10,386,277)	(10,386,277)
Balance as at December 31, 2019 – Exhibit A	115,500,000	30,343,120	11,999,694	(127,195,066)	30,647,748
Profit for the year – Exhibit B	-0-	-0-	-0-	884,183	884,183
Other comprehensive income –Exhibit B	-0-	-0-	-0-	-0-	-0-
Total comprehensive income for the year – Exhibit B	-0-	-0-	-0-	884,183	884,183
Transferred to legal reserve	-0-	88,418	-0-	(88,418)	-0-
Social and sports fund contribution*	-0-	-0-	-0-	(22,105)	(22,105)
Balance as at December 31, 2020– Exhibit A	115,500,000	30,431,538	11,999,694	(126,421,406)	31,509,826

*In accordance with Law No. 13 of 2008, the Company has taken a provision for the support of sports, social, cultural and charitable activities with an amount equivalent to 2.5% of the net profit. As per the instruction issued by the Ministry of Economy and Finance during the year 2010, this social and sports fund contribution is considered as an appropriation of retained earnings of the Company and presented in statement of changes in equity rather than recording it through the statement of profit or loss.

**QATARI GERMAN COMPANY FOR MEDICAL DEVICES (Q.P.S.C.)
DOHA – STATE OF QATAR**

EXHIBIT "D"

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 (QR.)	2019 (QR.)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the year – Exhibit B		884,183	(10,386,277)
Adjustments for:			
Depreciation		5,484,838	5,530,376
Finance cost		2,884,980	3,599,146
Reversal of accounts payable		-0-	(135,944)
Reversal of provision for expected credit losses		(1,015,865)	(247,374)
Provision for employees' end of service benefits		165,780	181,011
Reversal of previously recognized impairment losses		(4,388,081)	-0-
Inventories written off		121,050	45,473
(Gain) on disposal of property, plant and equipment		(8,300)	-0-
Property, plant and equipment written off		153	437
Operating Profit (Loss) before Working Capital Changes		4,128,738	(1,413,152)
Changes in Operating Assets and Liabilities			
- Inventories		(11,158,657)	877,413
- Accounts and other receivables		(12,606,045)	2,674,399
- Accounts and other payables		3,874,784	21,804
Cash (used in) from Operations		(15,761,180)	2,160,464
Employees' end of service benefits paid		(189,866)	(229,922)
Net Cash (used in) from Operating Activities		(15,951,046)	1,930,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and capital work in progress		(664,842)	(85,238)
Proceeds from disposal of property, plant and equipment		23,000	-0-
Net Cash (used in) Investing Activities		(641,842)	(85,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in loans and borrowings (principal)		20,100,041	(1,522,544)
Net movements in due to bank (bank overdraft)		(118,890)	1,732,945
Finance cost paid		(1,303,426)	(1,576,374)
Lease liabilities settlement		(11,527)	(11,527)
Net Cash from (used in) Financing Activities		18,666,198	(1,377,500)
Net increase in cash and cash equivalents		2,073,310	467,804
Cash and cash equivalents at beginning of the year		961,908	494,104
Cash and cash equivalents at end of the year	-12-	3,035,218	961,908
SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS			
Non-Cash Transaction			
Others			
Transferred to social and sports fund contribution		22,105	-0-
Prepaid lease installments reclassified to right-of-use assets		-0-	2,842

THE ACCOMPANYING NOTES 1 TO 33 CONSTITUTE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS

QATARI GERMAN COMPANY FOR MEDICAL DEVICES (Q.P.S.C.)
DOHA – STATE OF QATAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1) GENERAL INFORMATION

- a) Qatari German Company for Medical Devices (Q.P.S.C) (the “Company”) was incorporated in the State of Qatar as a Qatari Public Shareholding Company by virtue of Emiri Decree No.39 issued on October 15, 2000, under the Commercial Registration No.23349 on February 10, 2001.

The Company is listed in the Qatar Exchange.

The company's registered office is at P.O. Box 22556, Doha-State of Qatar and the principal place of business is in Abu Hammour, Doha-State of Qatar.

The Company is primarily engaged in the manufacture of single use disposable syringes and trading in medical equipment, tools and supplies.

- b) Pursuant to the amended Articles of Association of the company, it has been exclusively specified that the duration of the company for 25 years from the date of its official publication, subject to renewal through the resolution made by the shareholders at the Extraordinary General Assembly.
- c) With the approval of the board of directors and on the strategic business diversification aspect, the company is in the intention of merging with well diversified (unlisted) limited liability company based in State of Qatar. The decision is subject to completion of due diligence phase and approval of shareholders.

2) GOING CONCERN

The company's accumulated losses amounting to QR.126,421,406 exceeded its share capital by QR.10,921,406 as at December 31, 2020. Pursuant to the Article 295 of the Qatari Commercial Companies Law No.11 of 2015, if the shareholding company's losses reaches half of its share capital, the Board of Directors should call for an extraordinary general assembly to discuss the continuation of the Company or dissolution before the term specified in its Articles of Association. If the board of director's 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. In addition, the company's business operations are merely financed through bank borrowings and bank overdrafts by one of a major shareholder and the repayment obligations of such borrowings are extended on a frequent basis. These conditions indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

However, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that may be necessary if the company is unable to continue as a going concern due to followings;

- the shareholders have resolved, at an extraordinary general assembly meeting held on July 15, 2020 to continue operations of the company and diversify its activities,
- also the management is in the process of taking measures of improving its operations where its trading segments has significantly enhanced,
- a local development bank (M/s. Qatar Development Bank) being its capacity as one of major shareholder and as a lender, confirmed in writing to continue to provide financial support to the company to meet its liabilities and obligations as and when they fall due. It has further confirmed that it will not make any demand of repayment of the borrowings payable to it on or before January 2022.
- the board of directors confirmed their plan to pass a resolution at annual general meeting to obtain shareholders consent 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.

3) **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

i) **New and amendments to the standards, new and revised interpretations and annual improvements to IFRSs affecting amounts reported and/or disclosures in the financial statements**

The accounting policies adopted in the preparation of these financial statements and the notes attached thereto are consistent with those used in the preparation of the previous financial statements for the year ended December 31, 2019, except for certain amendments to the standards that became effective in the current year as described below:

Amendments to the Standards		Effective Date
IFRS 3	Definition of a Business	January 01, 2020
IFRS 9, 7 & IAS 39	Interest Rate Bench Mark Reform	January 01, 2020
IAS 1 & 8	Definition of Material	January 01, 2020

In addition to the above amendments to the Standards, reference to the conceptual framework for financial reporting was amended with effective from January 01, 2020. The conceptual framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any other standard. The revised conceptual framework includes some new concepts, definitions and recognitions criteria for assets and liabilities and clarifies some important concepts.

The above amendments to the standards and conceptual framework have been adopted by the company, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the Company.

ii) **New and amendments to IFRSs issued but not yet effective**

The following new, amendments and improvements to the standards have been issued but are not yet effective and the company intends to adopt these standards, where applicable, when they become effective;

New Standard		Effective Date
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to the Standards		Effective Date
IFRS 16	Covid 19- Related Rent Concessions	June 01, 2020
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely
IAS 1	Classification of Liabilities as Current/Non-current	January 01, 2023
IAS 16	Proceeds Before Intended Use	January 01, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 01, 2022
IFRS 3	Reference to the Conceptual Framework	January 01, 2022
In addition to the above as part of annual improvements to IFRS standards 2018-2020 cycle, the following standards have been amended;		
IFRS 1	Subsidiary as a first-time adopter	January 01, 2022
IFRS 9	Fees test for derecognition of financial liabilities	January 01, 2022
IAS 41	Taxation in fair value measurement	January 01, 2022
IFRS 16	Reimbursement of Leasehold Improvements	Yet to determine

4) **SIGNIFICANT ACCOUNTING POLICIES**

a) **Statement of Compliance**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of the Qatari Commercial Companies Law No. 11 of 2015.

b) **Basis of Measurement**

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on fair value of the consideration initially given in exchange for assets.

c) **Functional and Presentation Currency**

The financial statements are presented in Qatari Riyals (QR.), which is the Company's functional currency and all values are rounded to the nearest Qatari Riyals (QR.) except when otherwise indicated.

d) Use of Estimates and Judgments

The 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 in the note 5.

e) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment, except for building on leasehold land which was carried at revalued amount, are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized 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 of building on leasehold land 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 profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

An item of property, plant and equipment is derecognized 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 recognized net within other income in the statement of profit or loss and other comprehensive 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.

When the use of a property, plant and equipment 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 recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve. Any loss is recognized in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognized 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 costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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 recognized 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 as follows:

Buildings on leasehold land	30 years
Machinery and equipment	25 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5 years
Computer and software	3 years

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

Until December 31, 2017, the machinery and equipment was depreciated on the basis of utilization, however, during the year ended December 31, 2018, the company has changed the method of depreciation for machinery from the basis of utilization to straight-line. Hence, the management, based on an independent technical revaluation report, believes that the remaining useful life of machinery is 25 years.

Capital work in progress

Capital work in progress is stated at cost less any impairment. Cost includes the expenditure incurred on capital projects that have not been completed. When the assets are completed and ready for their intended use, the capital work in progress will be capitalized to appropriate category under property, plant and equipment and depreciated thereafter.

f) Investment Properties

Investment properties are properties (land or building or part of building or both) 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 recognized 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 recognized 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.

g) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance which provides future economic benefits, are included in the statement of financial position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses, if any. 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.

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 amortized and the useful life of such an asset should be reviewed at 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.

h) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Accordingly, the right-of-use assets are depreciated over 12.5 years from January 01, 2019.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement dates of the lease. The company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (Example: changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease and lease of low-value assets

The company applies the short-term lease recognition exemption to its short-term lease of properties, machinery and equipment, if any (those lease that have lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease certain items that is considered of low value. Lease payment on short-term leases and lease of low value assets (if any) are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases for which the company is a lessor are classified as finance lease or operating lease. Wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating lease is recognized on a straight-line basis over the lease term and is included in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs; incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Amounts due from leases under finance leases are recognized as receivable at the amount of the 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 the leases.

i) Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

Assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

ii) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is valued 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 realizable 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 judgment.

k) Employees' End of Service Benefits

The Company provides for employees end of service benefits determined in accordance with the applicable provision for Qatari Labour Law based on employees' salaries and period of employment and are paid to the employees on termination or resignation 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 a non- current liability.

l) Share Capital - Ordinary Shares

Ordinary shares are classified as equity. Bonus shares and rights issued, if any will be 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.

m) Provision

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by considering the expected future cash flows of the Company.

n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income (FVOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVPL)

As of reporting date, that the company contracted with only the financial assets at amortized cost.

Financial Assets at Amortized Cost (Debt Instruments)

The company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The company's financial assets at amortized cost include accounts and other receivables and bank deposits.

Derecognition

The company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument, if any which the company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition and ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. The Company's financial liabilities include accounts and other payables, loans and borrowings and lease liabilities.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Financial Liabilities at Amortized Cost

This is the category most relevant to the Company. After initial recognition, the loans and borrowing and other financial liabilities are subsequently measured at amortized cost using the effective interest. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to accounts and other payables, loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

o) Revenue from Contracts with Customer balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Accounts Receivables

Accounts receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The accounting policies of financial assets in financial instruments paragraph details the initial recognition and subsequent measurement of accounts receivable.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract.

p) Revenue Recognition

The company's revenue streams are mainly consist from following major sources;

- Revenue from contracts with customers
- Rental income from investment properties
- Interest income
- Others

The company applies different recognition criteria and measurement principals for each of above revenue streams as follows;

Revenue from Contracts with Customers

The company is engaged to manufacture single use of disposable syringes and trading medical equipment, tools and supplies. The company's contracts with customers for the delivery of goods generally include one performance obligations. The company has concluded that the revenue from sale of goods should be recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The company recognizes revenue from the sale of goods measured at the fair value of the consideration received. If the revenue cannot be reliably measured, the company defers revenue recognition until the uncertainty is resolved.

The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The company disaggregated the revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Rental income from investment properties

Rental of investment properties where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term.

Interest Income

Interest income is accrued on a time basis with reference to the principal outstanding and the amount of revenue is measured using the effective interest method.

Other income

Other income is recognized on an accrual basis.

q) Contract Cost

Incremental costs to obtain a contract

Incremental costs of obtaining a contract are those costs that would not have been incurred if the contract had not been obtained. The company recognizes, as an asset, the incremental costs of obtaining a contract if the company expects to recover those costs.

Costs that would have been incurred whether or not the contract was obtained shall be recognized as an expense when incurred. In general, the company recognizes the incremental costs of obtaining a contract as an expense if the amortization period of the asset that would have been recognized is one year or less.

Costs to fulfill a contract

The company incurs cost to fulfill their obligations under a contract once it is obtained, but before transferring goods or services. If the cost to fulfill contract with a customer that are not covered under another standard such as inventories, property, plant and equipment, intangible assets are recognized as an asset if those costs meet the following criteria:

- The costs relate directly to a contract or an anticipated contract that the company can identify,
- The costs generate or enhance resources of the company that will be used in satisfying or in continuing to satisfy performance obligation in the future,
- The costs are expected to be recovered.

Fulfillment costs that meet all three of the above criteria are required to be recognized as an asset and expensing the costs as they are incurred is not permitted.

r) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Company at Qatari Riyals at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated Qatari Riyals at exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using Qatari Riyals at exchange rates prevailing at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into Qatari Riyals at exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

s) **Dividend Distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

t) **Earnings Per Share**

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

u) **Cash and Cash Equivalents**

For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand and cash at banks.

v) **Events After the Reporting Date**

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

5) **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) **Critical Judgment in Applying Accounting Policies**

The followings are critical judgments, apart from those involving estimations, that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognized in financial statements;

i) **Classification of financial assets**

Management decides on the acquisition of a financial asset whether to classify it as fair value through other comprehensive income (FVOCI), amortized cost (AC), or financial assets at fair value through profit or loss (FVPL). The company classifies financial assets as amortized cost if the management objective is to hold financial asset in order to collect contractual cash flows or the financial asset, if the management objective is to achieve by both collecting contractual cash flows and selling the financial assets it measured the investment at FVOCI. All other financial assets are measured at FVPL. However, the company substantially invested in financial assets at amortized cost and there were no reportable financial assets at FVOCI or FVPL.

ii) Accounting policy for measurement of investment properties

Management of the company is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment properties, if any. The company has chosen to adopt the fair value model for the purpose of measuring its investment properties in the statement of financial position.

iii) Determining the lease term

In determining lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extensions options (or periodic after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

iv) Determining lease commencement date

The commencement date of the lease has been determined in relation to the date on which lessor makes the underlying asset available for use by the lessee. Management has applied its best judgment to determine the actual commencement date.

b) Key Sources of Estimation Uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) Impairment of property, plant and equipment and intangible assets

At each reporting date, the company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered from impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate rate. The determination of recoverable value for property, plant and equipment and intangible assets are disclosed notes 6 and 9 respectively.

ii) Estimated useful lives of property, plant and equipment

The cost of items of property, plant and equipment are depreciated on systematic basis over the useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of asset,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has estimated no residual value for any item of property, plant and equipment at the end of the useful lives as these have been deemed to be insignificant. Management regularly review this estimate based on the market condition at the end of each reporting period. The company had determined that the straight line method of depreciation is more appropriate for the company due to underutilization of the capacity.

iii) Fair valuation of investment property

The company carries its investment property at fair value, with changes in fair value being recognized in the statement of profit or loss and other comprehensive income. The company engaged an independent valuation specialist to assess fair value as at December 31, 2020 and 2019 for investment property. It measures investment property by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

iv) Provision for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, the estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of aging or obsolescence, based on historical costs. Any difference between the amounts will actually be realized in future periods and the amounts expected will be recognized in the statement of profit or loss and other comprehensive income.

v) Calculation of expected credit losses (ECL)

When measuring ECL, the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movements of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arises on default. It is based on the different contractual cash flows due and those that the lender would expect to receive, taking in to account cash flows from a collateral and integral credit enhancement.

Probability of defaults continued a key input of measuring ECL. The probability of default is an estimate of the likelihood default over given time horizon, the calculation of which includes historical data, assumptions and expectation of future conditions.

vi) Going concern

Though the matters, facts and other financial information disclosed in note 2 to these financial statements indicates the existence of a material uncertainty, which may cast significant doubt on the company's ability to continue as going concern. The management and those charged with governance, has made an assessment of its ability to continue as a going concern and it has clear perception that the shareholders will resolve to enable the company to continue its business operation for the foreseeable future. Furthermore, the major shareholder of the company, being a local development bank, provide consent to enhance loans and borrowings and will not make any demand for the repayment of existing facilities in near term. Therefore, the financial statements continue to be prepared on the going concern basis.

vii) Fair value measurements

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an assets or liability, the company use market observable data to the extent it is available. Where level 1 inputs are not available, the company engages qualified external valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and its inputs used in determining the fair value of various assets and liabilities are disclosed in the respective notes and note 31.

viii) Estimating incremental borrowing rate for leases

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rates (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. Management has applied judgments and estimates to IBR at the commencement of lease.

ix) Impairment of right-of-use assets

In estimating the recoverable amount of the right-of-use assets, the management has made assumptions about the achievable market rates for similar properties with similar lease terms.

6) **PROPERTY, PLANT, EQUIPMENT AND CAPITAL WORK IN PROGRESS**

a) The details of cost or revaluation, accumulated depreciation, accumulated impairment and respective net book value of various categories of property, plant, equipment and capital work in progress are as follows:

	Buildings on Leasehold Land (QR.)	Machinery & Equipment (QR.)	Motor Vehicles (QR.)	Furniture, Fixtures & Equipment (QR.)	Computer & Software (QR.)	Capital Work in Progress (QR.)	Total 2020 (QR.)	Total 2019 (QR.)
Cost/Revaluation								
As at January 01	57,182,447	94,484,646	205,500	3,264,076	763,966	132,000	156,032,635	156,083,599
Additions during the year	-0-	11,500	-0-	41,439	22,355	589,548	664,842	85,238
Disposals during the year	-0-	-0-	-0-	(140,000)	-0-	-0-	(140,000)	-0-
Written off during the year	-0-	-0-	-0-	(36,570)	(25,134)	-0-	(61,704)	(136,202)
As at December 31	57,182,447	94,496,146	205,500	3,128,945	761,187	721,548	156,495,773	156,032,635
Accumulated Depreciation/Impairment								
Accumulated Depreciation								
As at January 01	16,386,248	13,238,686	205,500	2,564,753	747,258	-0-	33,142,445	27,757,127
Charge for the year	1,906,081	3,249,888	-0-	305,375	14,201	-0-	5,475,545	5,521,083
On disposals	-0-	-0-	-0-	(125,300)	-0-	-0-	(125,300)	-0-
On written off	-0-	-0-	-0-	(36,418)	(25,133)	-0-	(61,551)	(135,765)
As at December 31	18,292,329	16,488,574	205,500	2,708,410	736,326	-0-	38,431,139	33,142,445
Accumulated Impairment								
As at January 01	-0-	6,603,312	-0-	-0-	-0-	-0-	6,603,312	6,603,312
Reversal of impairment losses -Note 6(d)	-0-	(4,388,081)	-0-	-0-	-0-	-0-	(4,388,081)	-0-
As at December 31	-0-	2,215,231	-0-	-0-	-0-	-0-	2,215,231	6,603,312
Net Book Value								
As at December 31, 2020 – Exhibit A	38,890,118	75,792,341	-0-	420,535	24,861	721,548	115,849,403	-
As at December 31, 2019 – Exhibit A	40,796,199	74,642,648	-0-	699,323	16,708	132,000	-	116,286,878

b) The revalued amount of the building on leasehold land was determined by an external, independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined based on market comparable approach that reflect recent transaction prices for similar properties. In estimating the fair value of property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the period. As per the independent valuer's outcome, the estimated fair value of the building on leasehold land is equal to its carrying value. Hence, no revaluation adjustment has been made to carrying value as of reporting date.

c) During the year ended December 31, 2018, the company has changed the method of depreciation for machinery from the basis of utilization to straight line. The management, based on an independent technical revaluation report, believes that the remaining useful life of machinery was 25 years as at that date.

d) Impairment of Property, Plant and Equipment

- The accounting policy related to assessment of impairment disclosed in note 4 have been applied as of reporting date to estimate the recoverable value of entire class of property, plant and equipment. As a result, the recoverable value of the entire class of property, plant and equipment are higher than their carrying value as of reporting date.
- In general, on annual basis, the recoverable value of machinery and equipment is determined based on external independent valuer, having appropriate recognized professional qualifications and knowledge of the regional market and understanding to undertake the valuation of machinery and equipment.
- During 2017, the independent appraiser's estimated fair value of machinery and equipment is lower than its carrying value by QR.6,603,312. Accordingly, the amount has been recognized as impairment in the statement of profit or loss and other comprehensive income during the year 2017.
- During 2020, the recoverable value of machinery and equipment have been determined by an accredited independent appraiser based in State of Qatar (Abdul-Rahman Jassim Al-Sulaiti, Accredited Real Estate Expert for Justice Courts and Qatari Banks). The appraiser is an industry specialist in valuing these types of machinery and equipment. The recoverable value was determined based on the best industry practice, prevailing market conditions of the assets, and sources of market data. In estimating the recoverable value of the machineries, the appraiser has applied the fair value less cost of disposal approach.
- Pursuant to the appraiser's outcome, the carrying value of machinery and equipment has been increased to QR.75,792,341 resulted to reverse the previously recognized impairment loss of QR.4,388,081 (Exhibit B). The decision was taken based on the board of directors' approval and inconformity with applicable International Financial Reporting Standards.
- e) Most of the property, plant and equipment listed above were secured/ pledged against the loans and borrowings disclosed in note 17 to these financial statements.
- f) Buildings have been erected on a leasehold land obtained from Ministry of Municipal Affairs and Agriculture with an annual lease rental of QR.11,527 for 30 years which will be expired on June 30, 2031 subject to renewal. The right-of-use assets related to this lease contract is disclosed in note 8.
- g) The capital work in progress represents capital nature expenses incurred to upgrade the ventilation system and certain expenses related to upgrade the fire alarm system, upon completion of certain approval, the above expenses will be capitalized to appropriate category under property, plant and equipment and depreciated thereafter.
- h) The management is in the process of ascertaining carrying amount of buildings which carried at revaluation model that would have been recognized had the buildings been carried under the cost model for disclosures purposes.

7) INVESTMENT PROPERTIES

a) This item consist of the followings;	2020	2019
	(QR.)	(QR.)
Buildings -- Exhibit A	12,590,000	12,590,000
	=====	=====

The company's investment property consist, a building constructed on the portion of leasehold land (65,779 Sq.Ft) for the use of warehouse rented out to an external party based on an operating lease agreement. The rental income arising from the above investment property amounting to QR.2,428,422 for the year ended December 31, 2020 (2019: QR.2,437,895) included under other income.

The fair value of investment property was determined by an external independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined based on market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of investment property, the highest and best use of property is their current use. There were no changes to the valuation technique during the year. Further, there were no changes on the fair value of investment properties compared to previous year, hence, no gain or loss arises as a result of fair valuation.

- b) The company's investment properties have been initially recognized during the year 2009 from property, plant and equipment and measured at fair value model from therein. However, during post recognition period, in numerous times, part of cost and fair valued amounts were transferred from (to) between property, plant and equipment and investment property, due to change in use from owner occupied to investment property and vice versa. The management is in the process of ascertaining the cumulative cost and changes in fair value, which had been included in the retained earnings as of December 31, 2020.

8) RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The company has entered a lease contract with the Ministry of Municipal Affairs and Agriculture with an annual lease rental of QR.11,527 for a period of 30 years. As a result of the application of IFRS 16, with effective from January 1, 2019, the company has recognized right-of-use assets and lease liabilities related to this lease contract in this statement of financial position, measured at the present value of the future lease payments on adoption as follows;

a) Right-of-Use Assets

Movements in right-of-use assets are as follows:	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	106,871	-0-
At the initial application of IFRS 16	-0-	113,322
Reclassified from other receivables	-0-	2,842
Depreciation of right-of-use assets	(9,293)	(9,293)
Balance at end of the year – Exhibit A	97,578	106,871

The right-of-use assets are depreciated over the period of lease terms on a straight line basis for a period started from January 01, 2019 to June 30, 2031.

b) Lease Liabilities

Movements in lease liabilities are as follows:	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	105,561	-0-
At the initial application of IFRS 16	-0-	113,322
Settlements during the year	(11,527)	(11,527)
Accretion of interest during the year	5,187	3,766
Balance at end of the year – Note 8(c)	99,221	105,561

Lease liability is recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the company's treasury functions.

c) Based on maturity, the lease liabilities are classified in the statement of financial position as follows:

	2020 (QR.)	2019 (QR.)
Lease liabilities-long term portion – Exhibit A	90,763	97,529
Lease liabilities-short term portion – Exhibit A	8,458	8,032
Total –Note 8(b)	99,221	105,561

9) **INTANGIBLE ASSETS**

- a) The details of cost, accumulated amortization and respective carrying value of various categories of intangible assets are as follows:

	Patents and Know-how (QR.)	Computer Software (QR.)	Total (QR.)
Cost			
As at December 31, 2018	10,329,937	596,044	10,925,981
As at December 31, 2019	10,329,937	596,044	10,925,981
As at December 31, 2020	10,329,937	596,044	10,925,981
Accumulated amortization			
As at December 31, 2018	-0-	596,044	596,044
As at December 31, 2019	-0-	596,044	596,044
As at December 31, 2020	-0-	596,044	596,044
Carrying Value			
As at December 31, 2020 – Exhibit A	10,329,937	-0-	10,329,937
	=====	=====	=====
As at December 31, 2019 – Exhibit A	10,329,937	-0-	10,329,937
	=====	=====	=====

- b) 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. However, defects (if any) on existing patent rights is being upgraded by the management to meet overall objective of the Company.

The company has engaged an external accredited independent appraiser having appropriate professional qualification, knowledge and understanding to ascertain the recoverable value of patents and know-how related to safety syringes Q Safe (PRP-425). Based on the appraiser report, it has been estimated the recoverable amount of QR.10,370,989 which is higher than the carrying value as of reporting date. The recoverable value has been estimated based on the value in use as promulgated by International Financial Reporting Standards.

10) **INVENTORIES**

a) This item consists of the following:	2020 (QR.)	2019 (QR.)
Trading stocks – note 10(b)	12,263,210	581,180
Raw materials	5,590,232	6,638,370
Work in progress	1,573,550	924,291
Finished goods	1,569,336	2,217,423
Spare parts	2,232,544	2,253,860
Consumables	173,662	191,435
Sub Total	23,402,534	12,806,559
Less: Provision for slow moving inventories	(1,571,223)	(1,571,223)
Net	21,831,311	11,235,336
Goods in transit	477,549	35,917
Total – Exhibit A	22,308,860	11,271,253
	=====	=====

- b) Pursuant to the board of directors' approval and emerging requirements for medical supplies due to current pandemic, the company's trading segments are prioritized.

11) ACCOUNTS AND OTHER RECEIVABLES

a) This item consists of the following:	2020 (QR.)	2019 (QR.)
Accounts receivable – Note 11(c)	19,606,137	9,357,944
Provision for expected credit losses -Note 11(b)	(6,436,401)	(7,452,266)
Net	<u>13,169,736</u>	<u>1,905,678</u>
Margin deposit	2,093,755	10,572
Supplier advances	886,640	532,753
Prepaid expenses	41,138	96,638
Staff receivables	5,110	5,220
Others	6,921	30,529
Total – Exhibit A	<u>16,203,300</u> =====	<u>2,581,390</u> =====
b) Provision for expected credit losses		
Movement during the year were as follows:	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	7,452,266	7,719,889
Reversal during the year	(1,015,865)	(247,374)
Foreign exchange adjustments	-0-	(20,249)
Balance at end of the year – Note 11(a)	<u>6,436,401</u> =====	<u>7,452,266</u> =====
c) Concentration: A sum of QR.17,317,893 receivable from three major customers, which represents 88% of the total accounts receivable as at December 31, 2020 (2019: QR.8,390,186 receivable from three major customers, which represents 90% of the total accounts receivable).		

12) CASH AND CASH EQUIVALENTS

This item consists of the following:	2020 (QR.)	2019 (QR.)
Cash in hand	9,524	17,512
Cash at banks	3,025,694	944,396
Total – Exhibit A and D	<u>3,035,218</u>	<u>961,908</u>
Less: Bank overdraft – Exhibit A	(15,035,750)	(15,154,640)
Net	<u>(12,000,532)</u> =====	<u>(14,192,732)</u> =====

13) SHARE CAPITAL

This item consists of the following:	2020	2019
Authorized, issued and fully paid up capital with a par value of QR.1 each – Exhibit A	115,500,000 =====	115,500,000 =====
Authorized, issued and fully paid up share capital (number of shares)	115,500,000 =====	115,500,000 =====

14) LEGAL RESERVE

The legal reserve of the company amounting to QR.30,431,538 (Exhibit A) as at December 31, 2020 (2019: QR.30,343,120) created, pursuant to Qatari Commercial Companies' Law No. 11 of 2015, which mandates 10% of the net profit for the year is to be deducted annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital and is not available for distribution except in the circumstances specified in the law.

15) **REVALUATION RESERVE**

- a) The revaluation reserve amounting to QR.11,999,694 (Exhibit A) as at December 31, 2020 (2019: QR.11,999,694) relates to the revaluation of buildings in the previous years as owner-occupied buildings recognized in property, plant and equipment.
- b) The management is in the process of determining depreciation based on the revalued carrying amount of the building and depreciation based on its original cost to transfer certain revaluation reserve to retained earnings. Such transfers will not be made through statement of profit or loss and other comprehensive income.

16) **EMPLOYEES' END OF SERVICE BENEFITS**

The movements in the employees' end of service benefits during the year are as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	997,117	1,046,028
Provisions for the year	165,780	181,011
Payments during the year	(189,866)	(229,922)
Balance at end of the year – Exhibit A	<u>973,031</u>	<u>997,117</u>
	=====	=====

17) **LOANS AND BORROWINGS**

- a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Term loans	93,203,287	90,644,198
Documentary credit facility	33,241,278	14,123,959
Total – Note 17 (b), (c) & (d)	<u>126,444,565</u>	<u>104,768,157</u>
	=====	=====

- b) The loans and borrowings are classified as follows:

	2020 (QR.)	2019 (QR.)
Long term portion – Exhibit A	121,600,768	99,968,055
Short term portion – Exhibit A	4,843,797	4,800,102
Total –Note 17(a)	<u>126,444,565</u>	<u>104,768,157</u>
	=====	=====

- c) Movements of the loans and borrowings during the year were as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	104,768,157	104,271,695
Net movements in loans and borrowings (principal)	20,100,041	(1,522,544)
Interest accrued during the year	1,937,303	2,541,431
Interest paid during the year	(360,936)	(522,425)
Balance at end of the year – Note 17(a)	<u>126,444,565</u>	<u>104,768,157</u>
	=====	=====

d) Details of Loans and Borrowings	2020 (QR.)	2019 (QR.)
From a local commercial bank *	4,843,797	4,800,102
From a major shareholder- A development bank **	121,600,768	99,968,055
Total – Note 17(a)	126,444,565 =====	104,768,157 =====

*** Details of the Facilities Obtained from a Local Commercial Bank**

The company obtained a term loan, documentary credit, overdraft and bank guarantees facilities from a local commercial bank for the purpose of warehouse construction and short term working capital. The term loan was rescheduled after initial agreement and short term working capital borrowings repayable within one year. However, the local bank agreed to extend the repayment period till December 31, 2020 and on conceptual basis, the comparative information has not reclassified.

**** Details of the Facilities Obtained from a Major Shareholder – A Development Bank**

The company has obtained numerous facilities from one of its major shareholders (M/s. Qatar Development Bank, a related party) for different purposes such as; to purchase machineries and equipment, settlement of outstanding supplier dues, meeting operational and working capital requirements, purchase of raw materials, to finance warehouse construction and purchase of medical supplies for resale.

Though the underlying facilities are carried different maturity periods and supposed to settle in shorter period, the facilities have been rescheduled by the above major shareholder (lender) with different terms and conditions. Further, the borrowings waived for collection in the next 12 months, which is in line with their financial support to the company. In addition, the above local development bank has confirmed not to make any demand for the repayment in next 12 months and will extend the repayment schedule with repayment dates not earlier than January 01, 2022. The company obtained a revised letter of financial support from the above local development bank on its capacity as a shareholder and as a lender to extend the above grace period for 12 months from the reporting date. Accordingly, these borrowings are classified as non-current liabilities.

The facilities are initially given on a standalone basis and some of them are rescheduled subsequently. The underlining terms and conditions attached to the each of the facilities are varied in terms of purpose, interest rates and repayable terms. Consequently, the facilities are provided for different purposes, carrying different interest rates and repayable terms. The facilities repayable terms are irrelevant as it has agreed to extend more than 12 months and most of them are rescheduled on a frequent basis. As a part of company's initiation measures under current epidemic, it has decided to enhance trading medical supplies and to maintain strategic stocks through short term bank borrowings of QR.21.2 million.

e) The company has placed the following securities against the above facilities obtained;

- Pledge of the company's entire property, plant and equipment to cover 100 % of the financing amount by M/s. Qatar Development Bank,
- Assignment of insurance policies covering 100% of credit exposure from M/s. Qatar Development Bank,
- Assignment of certain customers contracts in favor of M/s. Qatar Development Bank to cover certain facility amounts.

In addition, as per latest banking master agreement dated on April 07, 2020, the company's industrial registration needs to be notified about the pledges.

18) ACCOUNTS AND OTHER PAYABLES

a) This item consists of the following:	2020	2019
	(QR.)	(QR.)
Accounts payables (trade) --Note 18(b)	2,360,424	827,427
Customer advances/ contract liabilities	1,553,791	120,089
Accrued expenses	1,321,946	1,037,772
Accounts payable (non-trade)	589,548	-0-
Provision for leave salary and airfare	125,770	78,840
Dividend payable	214,841	214,841
Retentions payable	99,858	99,858
Provision for social and sports fund contribution	22,105	-0-
Others	63,620	76,187
Total – Exhibit A	6,351,903	2,455,014
	=====	=====

- b) Concentration: A sum of QR.1,005,082 payable to three major suppliers of the company, which represents 43% of the total accounts payable as at December 31, 2020 (2019: QR.313,031 payable to three major suppliers of the company, which represents 38% of the total accounts payable).

19) REVENUE

a) The revenue type wise consists of the following:	2020	2019
	(QR.)	(QR.)
Sales of trading products	19,238,391	3,339,044
Sales of IV cannula	1,180,562	378,763
Sales of syringes	3,471,487	3,277,066
Sales of packed needles	364,461	1,073,420
Sales of sterilization products	298,199	75,598
Sales-Others	15,410	14,811
Total – Exhibit B & Note 19(b) & (c)	24,568,510	8,158,702
	=====	=====
b) Revenue by geographical location are as follows:	2020	2019
	(QR.)	(QR.)
Within Qatar	23,059,945	5,989,668
Outside Qatar	1,508,565	2,169,034
Total – Note 19(a)	24,568,510	8,158,702
	=====	=====
c) Revenue by customer are as follows:	2020	2019
	(QR.)	(QR.)
Corporate customers	8,685,898	2,932,824
Government customers	15,882,612	5,225,878
Total – Note 19(a)	24,568,510	8,158,702
	=====	=====

20) OPERATING COST

This item consists of the following:	2020	2019
	(QR.)	(QR.)
Cost of trading products	13,165,990	2,081,262
Cost of IV cannula	1,794,421	446,775
Cost of syringes	3,092,705	3,632,601
Cost of packed needles	229,371	1,199,168
Cost of sterilization	59,758	11,802
Total – Exhibit B	18,342,245	7,371,608
	=====	=====

21) OTHER INCOME

This item consists of the following:	2020 (QR.)	2019 (QR.)
Rental income	2,428,422	2,437,895
Reversal of provision for expected credit losses	1,015,865	247,374
Gain on disposal of property, plant and equipment	8,300	-0-
Reversal of accounts payable	-0-	135,944
Others	13,774	164,843
Total – Exhibit B	3,466,361	2,986,056
	=====	=====

22) SELLING AND DISTRIBUTION EXPENSES

This item consists of the following:	2020 (QR.)	2019 (QR.)
Freight charges and other distribution expenses	250,194	242,694
Advertisements and business promotion	210,978	194,842
Total – Exhibit B	461,172	437,536
	=====	=====

23) GENERAL AND ADMINISTRATIVE EXPENSES

a) This item consists of the following:	2020 (QR.)	2019 (QR.)
Staff cost – Note 23(b)	2,707,281	3,223,474
Legal and professional fees	578,335	410,183
Insurance	153,147	115,244
Repair and maintenance	277,351	260,304
Electricity and water	104,485	230,106
Inventories written off	121,050	45,473
Foreign exchange losses	64,498	41,577
IT and communication	45,774	52,891
Travelling expenses	22,887	33,918
Office expenses	69,815	45,034
Property, plant and equipment written off	153	437
Others	220,758	133,728
Total – Exhibit B	4,365,534	4,592,369
	=====	=====
b) The managing director and board member is entitled for QR.160,000 as remuneration, which is included under staff cost for the year ended December 31, 2020 (2019:QR.60,000).		

24) DEPRECIATION

This item consists of the following:	2020 (QR.)	2019 (QR.)
Depreciation on property, plant and equipment	5,475,545	5,521,083
Depreciation on right-of-use assets	9,293	9,293
Total – Exhibit B	5,484,838	5,530,376
	=====	=====

25) **FINANCE COST**

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Interest/ bank profit on loans and borrowings	1,937,303	2,541,431
Interest on bank overdraft	793,215	856,776
Finance cost on lease liabilities	5,187	3,766
Other finance charges	149,275	197,173
Total – Exhibit B	2,884,980	3,599,146
	=====	=====

26) **EARNINGS PER SHARE**

Basic and Diluted Earnings Per Share

The basic earnings per share is computed by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2020	2019
Profit (loss) attributable to ordinary shareholders of the Company (QR.)	884,183	(10,386,277)
	=====	=====
Weighted average number of ordinary shares outstanding	115,500,000	115,500,000
	=====	=====
Basic and diluted earnings per share (QR.) – Exhibit B	0.008	(0.090)
	=====	=====

No separate diluted earnings per share was calculated since the diluted earnings per share was equal to basic earnings per share.

27) **SEGMENT REPORTING**

For management purposes, the company is organized into one business unit based on its nature of activities, as the company's operations pertain to the manufacturing and trading of disposable syringes, medical devices and sanitary items. Decisions about resource allocation and monitoring of performance are based on the single business unit identified by the management. However, geographically, the company's revenue consist of exports to some foreign countries as disclosed in note 19 (b).

28) **RELATED PARTY TRANSACTIONS**

a) **Transactions with Related Parties**

Related parties consist of major shareholders, related companies, 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. M/s. Qatar Development Bank being a one of major shareholders and lending financial institution became related party of the company.

The transactions with the above related party included in the statement of profit or loss and other comprehensive income are as follows:

	2020 (QR.)	2019 (QR.)
Finance cost	1,651,119	2,346,985
	=====	=====

Amount due to related party (M/S. Qatar Development Bank) pertains the loans and borrowings of the company as disclosed in note 17. These facilities are secured by the company's assets. The interest/ bank profits are based on prevailing market rates and settlement normally occurs in cash.

b) Transactions with Key Management Personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the company:

During the year ended December 31, 2020 an amount of QR.160,000 has been incurred to a board member who is also the managing director of the company (December 31, 2019: 60,000). In addition, no any remuneration and other compensation to the key member of the management incurred for the year ended December 31, 2020 (December 31, 2019: QR.294,587).

29) COMMITMENTS AND CONTINGENCIES

The following summarizes the significant contractual commitments and contingencies:

	2020 (QR.)	2019 (QR.)
Capital commitments	210,452	-0-
Guarantees	4,126,531	3,394,520
Letter of credit	540,843	-0-
	=====	=====

30) RISK MANAGEMENT

The Company monitors and manages the risks relating to its business and operations. The Company has exposure to the following risks from its use of financial instruments.

- Liquidity risk
- Credit risk
- Capital risk
- Market risk
- Operational risk
- Other risks

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has not yet established separate risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees. This is to be supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers.

The Company's risk management policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations will be put in place in the near future.

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate reserves, banking facilities, and by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

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.

During the year, loans from Qatar Development Bank, a related party waived off repayment for the next 12 months.

The following are the contractual maturities of financial liabilities:

December 31, 2020	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)	More than 1 year (QR.)
Dividend payable	214,841	214,841	214,841	-0-
Accounts and other payables	6,137,062	6,137,062	6,137,062	-0-
Loans and borrowings	126,444,565	126,444,565	4,843,797	121,600,768
Overdraft	15,035,750	15,035,750	15,035,750	-0-
Lease liabilities	99,221	99,221	8,458	90,763
Total	147,931,439	147,931,439	26,239,908	121,691,531
December 31, 2019	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)	More than 1 year (QR.)
Dividend payable	214,841	214,841	214,841	-0-
Accounts and other payables	2,240,173	2,240,173	2,240,173	-0-
Loans and borrowings	104,768,157	104,768,157	4,800,102	99,968,055
Overdraft	15,154,640	15,154,640	15,154,640	-0-
Lease liabilities	105,561	105,561	8,032	97,529
Total	122,483,372	122,483,372	22,417,788	100,065,584

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

b) Credit Risk

Credit risk refers to risk that a counter party will default on its obligation resulting in financial loss to the company. In order to minimize the credit risk, the management has developed and implemented a credit risk grading for its major customer and other debtors to categorize the company's credit exposure according to their degree of default. The management uses the publicly available financial information's and its own trading records with customer for this purpose.

Financial instruments that are potentially subject the company to the credit risk are cash at banks, accounts and other receivable.

Accounts and other receivable

The management has a credit risk policy which monitors the credit risk exposure to accounts and other receivable in ongoing basis and credit evaluation are performed on all customers requiring credit and are approved by the management. Expected credit losses of accounts receivable is disclosed in note 11(b) to these financial statements. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

Cash at banks

The credit risk on bank balances is minimal because the counter parties are banks with high credit rating and company maintain all its bank accounts in well reputed banks.

The maximum risk exposure to the company is represented in the carrying amount of these instruments as disclosed in the relevant notes. The following is an age analysis of these instruments:

December 31, 2020	Not past due (QR.)	Past due 0-90 days (QR.)	Past Due 91-180 days (QR.)	More than 181 days (QR.)	Total (QR.)
Cash at banks	3,025,694	-0-	-0-	-0-	3,025,694
Accounts and other receivable (net)	4,270,043	3,519,572	6,017,115	2,355,432	16,162,162
Net	7,295,737	3,519,572	6,017,115	2,355,432	19,187,856
December 31, 2019	Not past due (QR.)	Past due 0-90 days (QR.)	Past Due 91-180 days (QR.)	More than 181 days (QR.)	Total (QR.)
Cash at banks	944,396	-0-	-0-	-0-	944,396
Accounts and other receivable (net)	579,074	785,012	102,419	1,018,247	2,484,752
Net	1,523,470	785,012	102,419	1,018,247	3,429,148

c) Capital Risk

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital of the Company. The Board of Directors monitors the return on capital and the potential level of dividends to ordinary shareholders.

Regularly, the Company reviews its capital structure and considers the cost of capital and the risks associated with it. It manages its capital to ensure that it will be able to support its operations while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company's net debt to adjusted equity ratio at the reporting date was follows:

	2020 (QR.)	2019 (QR.)
Total Liabilities	148,904,470	123,480,489
Less: cash in hand and at banks	(3,035,218)	(961,908)
Net debt	145,869,252	122,518,581
	=====	=====
Total Equity	31,509,826	30,647,748
	=====	=====
Net debt to equity	4.6:1	4:1
	=====	=====

There were no changes in the company's approach to capital management during the year. Due to above high rank debt financing, the board of directors may review the possibility of capital restructure of the company.

d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which 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 optimizing the return.

The market risk primarily consists of the followings:

- Foreign currency risk
- Interest rate risk
- Equity price risk

(i) Foreign Currency Risk

The Company incurs foreign currency risk on its purchases that are denominated in a currency other than Qatari Riyals which is company's functional and presentation currency.

The company does not hedge its currency exposure. However, management is in the opinion that the company's exposure to currency risk is minimal as the major items of the foreign currency financial assets and liabilities are denominated in US Dollars are not considered to represent significant currency risk. While the receivables nominated in other foreign currencies such as the GBP and EUR are minimal and the company has made adequate provision for expected credit losses against those receivables.

(ii) Interest Rate Risk

The company has maintained recognized financial instruments which are subject to interest rate risk and which may potentially result in changes in the contractually determined cash flows associated with or may cause repricing of such financial instruments.

The company is exposed to interest rate risk on its interest bearing liabilities, which mainly consist of bank overdrafts and loans and borrowings. The company adopts a policy of ensuring that interest rate is on a fixed rate basis, thus minimizing interest rate risk. A significant portion of loans and borrowings pertains to a major shareholder/related party. At the reporting date, the interest-bearing financial instruments are as follows:

Profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments were:

Variable rate instruments	Carrying amount 2020 (QR.)	Carrying amount 2019 (QR.)
Financial liabilities		
Loan and borrowings	126,444,565	104,768,157
Bank overdraft	15,035,750	15,154,640

(iii) Equity Price Risk

Other market price risk mainly consists of equity price risk. The equity price risk arises from investments in equity instruments. Management of the company monitors the mix of debt and equity securities in its investment portfolio based on market indices (if any).

Equity price risk is the risk that the fair values of equity instruments decrease as a result of changes in the price indices of investments in other entities' equity instruments.

e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational risks arise from all of the company's operations. The company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

f) Other Risks

Other risks to which the company is exposed are regulatory risk, legal risk, and reputation risk.

- Regulatory risk is controlled through a framework of compliance policies and procedures. The operations of the company are subject to regulatory requirements of the State of Qatar.
- Legal risk is managed through the effective use of internal and external legal advisers.
- Reputation risk is controlled through the company regular examination of issues that are considered to have repercussions for the company, with guidelines and policies being issued as appropriate.

31) FAIR VALUE

Fair Value Measurement

The Company measures certain financial instruments and certain non- financial assets, if applicable, at fair value at each reporting date.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are disclosed in these financial statements, if any.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2:- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3:- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Accounting Classification And Fair Values

Based on the above fair value measurements, it has been assessed that the fair values of the financial instruments presented in these financial statements as of reporting date are not materially different from their carrying values.

Fair Value Hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of the company's assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy:

As at December 31, 2020 – (QR.)	Level 1	Level 2	Level 3	Total
Investment properties – at fair value	-0-	-0-	12,590,000	12,590,000
Buildings – at revaluation	-0-	-0-	38,890,118	38,890,118
Machinery and equipment – at recoverable value	-0-	-0-	75,792,341	75,792,341
	=====	=====	=====	=====
As at December 31, 2019 – (QR.)	Level 1	Level 2	Level 3	Total
Investment properties – at fair value	-0-	-0-	12,590,000	12,590,000
Buildings – at revaluation	-0-	-0-	40,796,199	40,796,199
	=====	=====	=====	=====

During the years ended December 31, 2020 and 2019, 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. However, the machinery and equipment has been brought to its recoverable value and intangible assets indefinite useful lives are tested for impairment during the year.

32) THE IMPACT OF COVID-19

a) Introduction

The coronavirus (COVID-19) steep spread across the world led World Health Organization to declare it as pandemic and a global health emergency. Numerous sectors of the global economy are effected and the long term economic and business consequence remain un-known which lead to uncertainties in the global economic environment.

b) Impact to the Qatar Economy

Since the first case of COVID-19 reported, the State of Qatar, has emerged social distancing and widespread testing. The effective and rigorous approach adopted by the Country resulted to mitigate severe impact on the Economy.

c) Impact to the Company and its Industry

The sudden outbreak of COVID-19 had a vast impact to the country and most of the industries. Even though, the demand of some of the products and services related to various industries were fallen, due to limit of social gathering and reduction of income, there was a positive response to the certain industries such as medical and health care services, due to surge of health and hygiene concerns. Consequently, the demand of medical supplies such as medical masks, hand gloves, hand sanitizers and other related products have been drastically increased and the company was able to capture the most of this novel market using its existing market knowledge, supply and customer chains as well as with the financial facilities provided by one of the company's major shareholder M/S. Qatar Development Bank [Note 17 (d)]. As a result, at the decision of board of directors, the company has enhanced its trading segment related to medical supplies, hence, the trading revenue of the company increased compared to year of 2019 indicating the positive impact of the pandemic to the company.

After a reasonable assessment of the Board of Directors, the company has maintained a significant strategic stock for the trading items as disclosed in note 10 to these financial statements to meet the country's urge demand for medical supplies. Moreover, it is presumed the new entrance and higher competition between existing players in the market, the trading segment of the company subject to certain risk factors and expected to be improved at a moderate level.

d) Significant Assessment of COVID-19

The board of directors has performed a reasonable assessment of COVID-19 based on the available guidance, historical experience, industry benchmark and other factors that are considered to be relevant on the company's all aspects. The details of the areas where the high level of assessment carried out are as follows;

➤ **Use of Estimates and Judgments**

In the application of the company's accounting policies, the Board of Directors has assessed potential impacts of the current economic volatility in determination of the reported amounts of the company's financial and non-financial assets and liabilities. The judgments, estimates and assumptions are board of directors' best assessment determined based on the available information. In addition, the company has specifically analyzed the impacts of pandemic when determining expected credit losses where forward looking factors and general economic conditions of the industry in which the debtors operate are assessed to ensure that no significant credit risk exposures as of the reporting date.

➤ **Going Concern**

The company continues to adopt the going concern basis in preparing these financial statements for the year ended December 31, 2020. The uncertainty as to future impact on the company due to COVID-19 has been critically assessed by the board of directors. Thus, the management is not aware of any material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Further, one of company's major shareholders (M/S. Qatar Development Bank) has provided required financial facilities to purchase medical related supplies for resale and confirmed in writing that the above shareholder will not make any demand for the repayments of the borrowings until 2022 which will smooth the company's working capital during pandemic.

➤ **Events After The Reporting Period**

The board of directors assessed, the effect of COVID-19 on the company as and when identified or available for their attention. The implications of the pandemic could be challenging, ongoing and the outcome of this event is unknown and therefore, the impact of the company for conditions that arose after the reporting period may not be identifiable and quantifiable at the time of issuance of these financial statements. However, if any major events will be taken place, those will be considered, adjusted and disclosed accordingly in the subsequent financial statements prepared for the company.

33) COMPARATIVE FIGURES

Certain comparative information and figures presented for 2019 have been reclassified where necessary to preserve consistency with the 2020 information and figures. However, such reclassifications did not have any effect on the previously reported net loss, other comprehensive income or equity.