

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

INTERIM CONDENSED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S
REVIEW REPORT FOR THE
SIX MONTHS ENDED JUNE 30, 2020

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

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To
The Board of Directors
Qatari German Company for Medical Devices (Q.P.S.C.)
Doha – State of Qatar

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Qatari German Company for Medical Devices (Q.P.S.C.)**, (the "Company"), Doha – State of Qatar, as at June 30, 2020 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard-34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

- Intangible asset amounting to QR.10,329,937 as of June 30, 2020 (December 31, 2019: QR.10,329,937) represents patent relating to the safety syringes. However, we did not receive sufficient and appropriate audit evidence with respect to the recoverable amount of the patent as at June 30, 2020. Consequently, we were unable to determine whether any adjustment might have been found necessary to the reported balances.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard-34, *Interim Financial Reporting*.



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Doha Office: Tel.: (+974) 4442 4024/3, 4444 0911, Fax: (+974) 4435 5175

مكتب الدوحة: هاتف: ٤٤٤٢ ٠٢٤ / ٤٤٤٤ ٠٩١١ ، فاكس: ٤٤٣٥ ٥١٧٥ (+٩٧٤)

P.O.Box: 2620 Doha, State of Qatar

Email: tagco.qatar@tagi.com

ص.ب: ٢٦٢٠ الدوحة، دولة قطر

Emphasis of Matters


We draw attention to following notes to these interim condensed financial statements of **Qatari German Company for Medical Devices (Q.P.S.C.)**;

- Note 2, reference to material uncertainty related to going concern, which indicates that the company has incurred a net loss of QR.1,146,345 for the six-month period ended June 30, 2020 and the company's accumulated losses amounting to QR.128,341,411 exceeded its share capital by QR.12,841,411 as at June 30, 2020. Pursuant to the Article 295 of the Qatari Commercial Companies Law No.11 of 2015, if the shareholding company's losses reach 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 Article 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 about the company's ability to continue as going concern. However, at an extraordinary general assembly held on July 15, 2020, where shareholders have resolved to continue operations of the company and diversify its activities.
- Note 6(g), where in prior years the company frequently changed its use of building 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 6(h), 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.
- Note 6(i), 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.

Our conclusion is not modified in respect of these matters.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi, CPA
(Licence no. 119)
QFMA Licence No. 120152
Doha, August 09, 2020

 **تالال أبو غزالة وشركاه**
Talal Abu-Ghazaleh & Co.
Qatar Office

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

EXHIBIT "A"

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (REVIEWED)
AS AT JUNE 30, 2020

	Note	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and capital work in progress	-6-	113,546,846	116,286,878
Investment properties		12,590,000	12,590,000
Right-of-use assets		102,224	106,871
Intangible assets	-7-	10,329,937	10,329,937
Total Non-Current Assets		136,569,007	139,313,686
CURRENT ASSETS			
Inventories	-8-	22,387,399	11,271,253
Accounts and other receivables	-9-	10,214,174	2,581,390
Cash in hand and at banks		4,406,543	961,908
Total Current Assets		37,008,116	14,814,551
Total Assets		173,577,123	154,128,237
EQUITY AND LIABILITIES			
EQUITY			
Share capital	-10-	115,500,000	115,500,000
Legal reserve		30,343,120	30,343,120
Revaluation reserve		11,999,694	11,999,694
Accumulated losses		(128,341,411)	(127,195,066)
Net Equity – Exhibit C		29,501,403	30,647,748
NON-CURRENT LIABILITIES			
Employees' end of service benefits		978,224	997,117
Borrowings - long term portion	-11-	117,438,450	99,968,055
Lease liabilities - long term portion		89,215	97,529
Total Non-Current Liabilities		118,505,889	101,062,701
CURRENT LIABILITIES			
Borrowings - short term portion	-11-	4,703,448	4,800,102
Lease liabilities - short term portion		8,313	8,032
Accounts and other payables		5,795,572	2,455,014
Bank overdrafts		15,062,498	15,154,640
Total Current Liabilities		25,569,831	22,417,788
Total Liabilities		144,075,720	123,480,489
Total Equity and Liabilities		173,577,123	154,128,237



These interim condensed financial statements were approved by the Board of Directors on August 09, 2020 and signed on its behalf by:

 Mr. Saleh Majed Al Khulaifi
 Chairman of the Board of Directors

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

THE ACCOMPANYING NOTES 1 TO 20 CONSTITUTE AN INTEGRAL PART OF THESE
 INTERIM CONDENSED FINANCIAL STATEMENTS

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

EXHIBIT "B"

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

	Note	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
Revenue	-12-	11,353,560	4,112,483
Operating cost		(8,269,540)	(3,606,164)
Gross profit		3,084,020	506,319
Other income		2,251,981	1,227,250
Selling and distribution expenses		(150,209)	(215,268)
General and administrative expenses		(2,407,670)	(2,401,750)
Depreciation		(2,743,178)	(2,769,755)
Finance cost		(1,181,289)	(1,968,406)
(Loss) for the period – Exhibit D		(1,146,345)	(5,621,610)
Other comprehensive income		-0-	-0-
Total comprehensive (loss) for the period – Exhibit C		(1,146,345)	(5,621,610)
		=====	=====
(Loss) per share			
Basic and diluted (loss) per share (QR.)	-13-	(0.010)	(0.049)
		=====	=====

THE ACCOMPANYING NOTES 1 TO 20 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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

EXHIBIT "C"

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Share Capital (QR.)	Legal Reserve (QR.)	Revaluation Reserve (QR.)	Accumulated Losses (QR.)	Total (QR.)
SIX MONTHS ENDED JUNE 30, 2019 (REVIEWED)					
Balance as at December 31, 2018 (Audited)	115,500,000	30,343,120	11,999,694	(116,808,789)	41,034,025
Total comprehensive (loss) for the period – Exhibit B	-0-	-0-	-0-	(5,621,610)	(5,621,610)
Balance as at June 30, 2019	<u>115,500,000</u>	<u>30,343,120</u>	<u>11,999,694</u>	<u>(122,430,399)</u>	<u>35,412,415</u>
	=====	=====	=====	=====	=====
SIX MONTHS ENDED JUNE 30, 2020 (REVIEWED)					
Balance as at December 31, 2019 – Exhibit A (Audited)	115,500,000	30,343,120	11,999,694	(127,195,066)	30,647,748
Total comprehensive (loss) for the period – Exhibit B	-0-	-0-	-0-	(1,146,345)	(1,146,345)
Balance as at June 30, 2020 – Exhibit A	<u>115,500,000</u>	<u>30,343,120</u>	<u>11,999,694</u>	<u>(128,341,411)</u>	<u>29,501,403</u>
	=====	=====	=====	=====	=====

THE ACCOMPANYING NOTES 1 TO 20 CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

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

EXHIBIT "D"

INTERIM CONDENSED STATEMENT OF CASH FLOWS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Note	Six months ended June 30, 2020 (QR.) (Reviewed)	Six months ended June 30, 2019 (QR.) (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) for the period – Exhibit B		(1,146,345)	(5,621,610)
Adjustments for:			
Depreciation		2,743,178	2,769,755
Reversal of provision for expected credit losses		(1,015,865)	-0-
(Gain) on disposal of property, plant and equipment		(8,300)	-0-
Provision for employees' end of service benefits		76,537	93,843
Finance cost		1,181,289	1,968,406
Operating profit (loss) before working capital changes		1,830,494	(789,606)
Changes in Operating Assets and Liabilities			
- Inventories		(11,116,146)	(696,285)
- Accounts and other receivables		(6,616,919)	2,428,509
- Accounts and other payables		3,340,558	347,874
Cash (used in) generated from Operations		(12,562,013)	1,290,492
Employees' end of service benefits paid		(95,430)	(4,247)
Net cash (used in) from Operating Activities		(12,657,443)	1,286,245
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and capital work in progress		(13,199)	(73,557)
Proceeds from disposal of property, plant and equipment		23,000	-0-
Net cash from (used in) Investing Activities		9,801	(73,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net borrowings obtained		16,808,439	(1,352,142)
Finance cost paid		(612,493)	(813,890)
Lease liabilities settled		(11,527)	-0-
Net cash from (used in) Financing Activities		16,184,419	(2,166,032)
Net increase (decrease) in cash and cash equivalents		3,536,777	(953,344)
Cash and cash equivalents at beginning of the period		(14,192,732)	(12,927,591)
Cash and cash equivalents at end of the period	-14-	(10,655,955) =====	(13,880,935) =====

THE ACCOMPANYING NOTES 1 TO 20 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2020

1) GENERAL INFORMATION

- a) Qatari German Company for Medical Devices 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 Article 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.

2) GOING CONCERN

The company has incurred a net loss of QR.1,146,345 for the six-month period ended June 30, 2020 and the company's accumulated losses amounting to QR.128,341,411 exceeded its capital by QR.12,841,411 as at June 30, 2020. Pursuant to the Article 295 of the Qatar Commercial Companies Law No.11 of 2015, if the shareholding company's losses reach half of the capital, the Board of Directors should call for an extraordinary general assembly meeting to discuss the continuation of the Company or dissolution before the term specified in its Article 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. Further, 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 interim condensed 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 entity is unable to continue as a going concern due to followings;

- The shareholders have resolved, at an extraordinary general assembly 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 and,
- A local development bank (M/S. Qatar Development Bank) being its capacity as one of major shareholder and as a lender, confirmed in writing that it will not make any demand of repayment of the borrowings payable to it on or before January 2021 and the company is in the process of obtaining 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.

3) BASIS OF PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The interim condensed financial statements of the Company for the six months ended June 30, 2020 have been prepared in accordance with International Accounting Standard-34, *Interim Financial Reporting* and in conformity with Qatari Commercial Companies Law.

The interim condensed financial statements do not contain all information and disclosures required for annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019. In addition, results for the six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

b) Significant Accounting Policies

i) Amendments to the Standards

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

Amendments to the Standards		Effective Date
IAS 1 & 8	Definition of Material	January 01, 2020
IFRS 3	Definition of a business	January 01, 2020
IFRS 9 & 7 & and IAS 39	Interest Rate Bench Mark Reform	January 01, 2020
IFRS 16	COVID 19- Related Rent Concessions	June 01, 2020

In addition to the above, amendments to references to conceptual framework in IFRS standards was effective from January 01, 2020.

The above amendments to the standards 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 and amendments 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 Standards		Effective Date
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to the Standards		Effective Date
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
IAS 1	Classification of liabilities as Current or Non-current	Indefinitely
		January 01, 2022

4) CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are 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.

The significant judgments made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the company's annual financial statements for the year ended December 31, 2019, except any effects as disclosed in note 18 (The Impact of COVID 19) .

5) FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

a) Financial Risk Management

The Company's financial risk management objectives are consistent with those disclosed in the financial statements for the year ended December 31, 2019.

b) 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 consistent with those disclosed in the annual financial statements of the company.

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 are categorized within the same fair value hierarchy, described in the annual financial statements of the company.

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

a) Movement during the period/year were as follows:	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Cost/ Revaluation		
Balance at beginning of the period/year	156,032,635	156,083,599
Additions during the period/year	13,199	85,238
Disposals/written off during the period/year	(140,000)	(136,202)
Balance at end of the period/year	155,905,834	156,032,635
Accumulated Depreciation		
Balance at beginning of the period/year	33,142,445	27,757,127
Charge for the period/year	2,738,531	5,521,083
On disposals/written off	(125,300)	(135,765)
Balance at end of the period/year	35,755,676	33,142,445
Accumulated Impairment		
Balance at beginning of the period/year	6,603,312	6,603,312
Balance at end of the period/year	6,603,312	6,603,312
Net book value at end of the period/year – Exhibit A	113,546,846 =====	116,286,878 =====

- b) On December 31, 2019, the company has engaged an external, independent valuer, having appropriate recognized professional qualifications and knowledge of the regional market and understanding to undertake the valuation of machinery and equipment. The fair values were determined based on prevailing market conditions, current state and condition of the assets, and sources of market data. Further, it was determined that the estimated fair value of machinery and equipment is higher than its carrying value as at December 31, 2019 and June 30, 2020 and it has been presumed that the fair value of the above machinery and equipment as of June 30, 2020 are not materially different from the valuation date (December 31, 2019). Meanwhile in 2017, the 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 for the year ended December 31, 2017 and included as impairment.
- 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) On December 31, 2019, 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 reflects 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. Accordingly, the management believes that the estimated fair value of the building on leasehold land is higher than its carrying value and it has been presumed that the fair value of the above buildings as of June 30, 2020 are not materially different from the valuation date (December 31, 2019). Hence, there were no impairment losses were identified. However, the management is in the presumption not to adjust the revalued amount as of reporting date, due to that the changes in fair value of the buildings were insignificant and less volatile.

- e) Most of the property, plant and equipment listed above were secured/ pledged against the borrowings obtained by the company (note 11).
- 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 and lease liabilities related to this lease contract is disclosed in the interim condensed statements of financial position.
- g) 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 June 30, 2020.
- h) The management is in the process of determining the 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.
- i) 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 disclosure purpose.

7) **INTANGIBLE ASSETS**

a) This item consists of the following:	Patents and Know-how (QR.)	Computer Software (QR.)	Total (QR.)
Cost			
As at December 31, 2019 (Audited)	10,329,937	596,044	10,925,981
As at June 30, 2020 (Reviewed)	<u>10,329,937</u>	<u>596,044</u>	<u>10,925,981</u>
Accumulated amortization			
As at December 31, 2019 (Audited)	-0-	596,044	596,044
As at June 30, 2020 (Reviewed)	<u>-0-</u>	<u>596,044</u>	<u>596,044</u>
Carrying Value			
As at June 30, 2020			
– Exhibit A (Reviewed)	10,329,937 =====	-0- =====	10,329,937 =====
As at December 31, 2019			
– Exhibit A (Audited)	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. Further, the management is in the process of assessing the future economic value of the patents and know-how relating to safety syringes.			

8) **INVENTORIES**

This item consists of the following:	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Finished goods - trading inventories	12,619,801	581,180
Finished goods - manufactured inventories	2,032,353	2,217,423
Raw materials	5,822,607	6,638,370
Work in progress	1,058,802	924,291
Spare parts	2,222,405	2,253,860
Consumables and others	202,654	227,352
Sub Total	23,958,622	12,842,476
Less: Provision for slow moving inventories	(1,571,223)	(1,571,223)
Total – Exhibit A	22,387,399 =====	11,271,253 =====

9) **ACCOUNTS AND OTHER RECEIVABLES**

a) This item consists of the following:	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Accounts receivable	12,604,722	9,357,944
Provision for expected credit losses – Note 9(b)	(6,436,401)	(7,452,266)
Net	6,168,321	1,905,678
Supplier advances	2,683,106	532,753
Margin deposit	1,293,755	10,572
Others	68,992	132,387
Total – Exhibit A	10,214,174 =====	2,581,390 =====
b) Provision for expected credit losses		
Movement during the period/year were as follows:	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Balance at beginning of the period/year	7,452,266	7,719,889
Reversal during the period/year	(1,015,865)	(247,374)
Foreign exchange adjustments	-0-	(20,249)
Balance at end of the period/year – Note 9(a)	6,436,401 =====	7,452,266 =====

10) **SHARE CAPITAL**

This item consists of the following:	June 30, 2020 (Reviewed)	Dec. 31, 2019 (Audited)
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 =====

11) BORROWINGS

a) This item consists of the following:	June 30, 2020	Dec. 31, 2019
	(QR.)	(QR.)
	(Reviewed)	(Audited)
Term loans	91,154,104	90,644,198
Documentary credit facility	30,987,794	14,123,959
Total – Note 11 (b), (c) & (d)	122,141,898	104,768,157
	=====	=====
b) The borrowings are classified as follows:	June 30, 2020	Dec. 31, 2019
	(QR.)	(QR.)
	(Reviewed)	(Audited)
Long term portion – Exhibit A	117,438,450	99,968,055
Short term portion – Exhibit A	4,703,448	4,800,102
Total –Note 11(a)	122,141,898	104,768,157
	=====	=====
c) Movements of the borrowings during the period/year were as follows:	June 30, 2020	Dec. 31, 2019
	(QR.)	(QR.)
	(Reviewed)	(Audited)
Balance at beginning of the period/year	104,768,157	104,271,695
Obtained during the period/year	16,808,439	2,314,947
Repayments during the period/year	-0-	(3,837,491)
Interest accrued during the period/year	642,523	2,541,431
Interest paid during the period/year	(77,221)	(522,425)
Balance at end of the period/year – Note 11(a)	122,141,898	104,768,157
	=====	=====
d) Details of Borrowings	June 30, 2020	Dec. 31, 2019
	(QR.)	(QR.)
	(Reviewed)	(Audited)
From a local commercial bank *	4,703,448	4,800,102
From a major shareholder- A development bank **	117,438,450	99,968,055
Total – Note 11(a)	122,141,898	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.

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

The company has obtained numerous facilities from its one of 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 6 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 6 months and will extend the repayment schedule with repayment dates not earlier than January 01, 2021. However, the company is in the process of obtaining 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. Further, the underlining terms and conditions attached to the borrowings disclosed in the annual financial statements are not materially differed, except newly obtained two separate Murabha facilities during the period.

12) **REVENUE**

a) The revenue type wise consists of the following:

	Six-month ended June 30, 2020 (QR.) (Reviewed)	Six-month ended June 30, 2019 (QR.) (Reviewed)
Sales of syringes	1,509,459	1,322,385
Sale of trading products	8,981,622	1,740,351
Sales of packed needles	175,562	936,887
Sale of IV cannula	527,710	67,318
Sale of sterilization products	149,917	30,731
Other sales	9,290	14,811
Total – Exhibit B & Note 12(b)	11,353,560 =====	4,112,483 =====

b) Revenue by geographically are as follows:

	Six-month ended June 30, 2020 (QR.) (Reviewed)	Six-month ended June 30, 2019 (QR.) (Reviewed)
Within Qatar	10,787,211	3,127,503
Outside Qatar	566,349	984,980
Total – Note 12(a)	11,353,560 =====	4,112,483 =====

13) **(LOSS) PER SHARE**

Basic and Diluted (Loss) Per Share

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

	Six months ended June 30, 2020 (Reviewed)	Six months ended June 30, 2019 (Reviewed)
(Loss) attributable to ordinary share holders of the Company (QR.)	(1,146,345) =====	(5,621,610) =====
Weighted average number of ordinary shares outstanding	115,500,000 =====	115,500,000 =====
Basic and diluted (loss) per share (QR.) – Exhibit B	(0.010) =====	(0.049) =====

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

14) **CASH AND CASH EQUIVALENTS**

This item consists of the following:

	Six-month ended June 30, 2020 (QR.) (Reviewed)	Six-month ended June 30, 2019 (QR.) (Reviewed)
Cash in hand	12,467	13,989
Cash at banks	4,394,076	626,219
Total	4,406,543	640,208
Less: Bank overdrafts	(15,062,498)	(14,521,143)
Net – Exhibit D	(10,655,955) =====	(13,880,935) =====

15) 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 and medical devices and trading of medical supplies. 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 are exported to some foreign countries as disclosed in note 12 (b), except that, the company does not have any other foreign operations.

16) RELATED PARTY TRANSACTIONS

a) Transactions with Related Parties

Related parties consist of major shareholders, related companies and key management personnel of the company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the company's management. 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 interim condensed statement of profit or loss and other comprehensive income are as follows:

	Six-month ended June 30, 2020 (QR.) (Reviewed)	Six-month ended June 30, 2019 (QR.) (Reviewed)
Finance cost	496,687	1,292,721
	=====	=====

Amount due to related party (M/S. Qatar Development Bank) pertains the borrowings of the company are disclosed in note 11. 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 entity:

During the six-month period ended June 30, 2020 an amount of QR.60,000 has been incurred to a board member who is also the managing director of the company (June 30, 2019: Nil). In addition, no any remuneration and other compensation to the key member of the management incurred for the period ended June 30, 2020 (June 30, 2019: QR.268,602).

17) COMMITMENTS AND CONTINGENCIES

The following summarizes the significant contractual commitments and contingencies:

	June 30, 2020 (QR.) (Reviewed)	Dec. 31, 2019 (QR.) (Audited)
Guarantees	4,439,433	3,394,520
Letter of credit	1,120,557	-0-
	=====	=====

18) 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 11 (d)]. As a result, the trading revenue of the company has been increased by 416% compared to 1st half of 2019 indicating the positive impact of the pandemic to the company. However, it is presumed the new entrance and higher competition between existing players in the market during the second half of the year, hence, the trading revenue is expected to be improved at a moderate level compared to 1st half year of 2020.

d) Significant Assessment of COVID

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 its interim condensed financial statements for the six-month period ended June 30, 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 2021 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 interim condensed 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.

19) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation of the current period. Those reclassifications do not affect previously reported profit or equity.

20) GENERAL

Figures in the interim condensed financial statements have been rounded and presented to the nearest Qatari Riyal.