

# ANNUAL REPORT 2022







QGMD company is a leading manufacturer of Medical Devices in the Middle East. Headquartered in Doha, Qatar, QGMD company boasts a state of the art production facility designed by reputable innovative technology providers. QGMD has proved to be a credible contender in the medical devices industry where progressive healthcare markets of uncompromising standards, such as Europe, started to rely on QGMD patient-centric products for superior quality. For the same reasons, QGMD Devices is realizing rapid growth of market share worldwide.



# ENVIRONMENT RESPONSIBILITY

QG has taken upon itself a social responsibility toward the Qatari society in the matter of three important aspects, Environment, Health care and Education.

As for the environment, innovative solutions consider the importance of health-care waste management as an integral part of the health-care industry. Adequate waste management processes benefit the community as a whole. On the other hand health care is a priority for QG providing the international health community with safe, effective, and efficient medical devices of the highest quality.







## **SOCIAL RESPONSIBILITY**

Knowing the Qatar deserves the best in everything, QGMD is committed to serve the Qatari society .

QGMD opens its doors to all students in Qatar universities to help building the knowledge of the Qatari youth generations .

Every year QGMD accepts students studying in the biomedical, medical, production engineering fields.

QGMD facility and its quality control lab. Serve as a training environment for the promising students to fulfill their eager spirit .



As the Qatari German Company for Medical Devices vision is reshaping the medical devices industry, QGMD owns a state of the art facility . With its large-scale 11 production lines, advanced sterilizers and annual production Capacity of 496 million pieces , QGMD believes that Value-facturing is essential to create a point of differentiation and a competitive edge in this market.

Since 2007 ,The Qatari German Company for Medical Devices had a vision to assemble a world class team in medical devices industry . QGMD technical team is supporting its strong portfolio , that allowed QGMD to invade the world of medical industry with steady pace .



## VALIDATION & ACCREDITATIONS

Qatari German Company for Medical Devices (QG) is certified for **ISO 13485:2016**; Quality Management System Standard Requirements for Medical Devices, **ISO 9001:2015**; the generic Quality Management System Standards.

QGMD manufactures medical devices according to established Quality Management System. All the documentations, processes, procedures, instructions and the records are reviewed by the Notified body during the audit process to assess the adequacy and compliance. These certifications are subjected to periodic audits and under the close monitoring of the Notified body. In addition, a trained team of internal auditors are periodically reviewing the functions of the Manufacturing, Quality Control, Material & Resource Management and Training processes. QGMD maintains and control system documentation and records including those of product and process conformity as required by the quality management system.

All of QGMD products are certified for **CE Mark** in compliance to European Medical Device Directive **MDD/93/42/EEC** including its amendments.

QGMD perform all of its operations in compliance with GMP rules.

QGMD products registered and approved by Health Authorities in various countries and the registrations are maintained and renewed periodically.





# PRODUCTS



Q FLOW IVCS



QJECT ULTRA INSULIN SYRINGES



QJECT SINGLE USE SYRINGES



QNEED NEEDLES



ORAL SYRINGES

Q-SAFE SAFETY SYRINGES

COLOR CODED SYRINGES

# Q SAFE

1. Optimized needle tipping technology for low penetration force
2. Minimal discomfort

**LATEX FREE**

**PYROGEN FREE**

**NON TOXIC**

Material clarity assures clear scale to ensure dosage control

1. Medical grade compatible with all medication (except Para aldehyde)
2. Latex free, pyrogen free, non-toxic

Reuse Prevention features

Pack end lock for security

## Q-Safe Introduction

This patented product greatly contributes to enforcing safety standards in the healthcare sector and total reduction of any needle stick exposure. Additionally, Q-Safe was cleverly designed with environmental consideration.

## World Class Quality

Q-Safe boasts to use the highest quality of needles and optimized, automated tipping technology to achieve the minimal needle penetration force possible. Additionally, 100% online inspection of products in-house as well as human interface.

- Optimized needle tipping technology for low penetration force
- Minimal discomfort
- Material clarity assures clear scale to ensure dosage control
- Type II reuse prevention features
- Reduced exposure to bare needle-stick
- Medical grade compatible with all medication (except para-aldehyde)
- Latex-free, pyrogen free, non toxic
- Reuse Prevention features
- Pack end lock for security

## OTHER BENEFITS OF Q SAFE

- Reduced disposal content by approx. 40%
- Biocompatible product compliant with medical grade
- Packaging designed to ensure fiber free peeling
- Optimized sterilization ensures glycol free residue



# Q JECT

1. Optimized needle tipping technology for low penetration force
2. Minimal discomfort

Innovated design ensure better plunger retention due to excellent end lock

**LATEX FREE**

**PYROGEN FREE**

**NON TOXIC**

1. Lower lock
2. Lower slip

Semi safety features

High clarity barrel with perfect readable printed scale

## Q - JECT Introduction

At QG we understand the importance of patients care and how critical it is to provide accurate readings when injecting medications. Q-Ject equips you with easy to use syringe intended to minimize patient discomfort and help you deliver the quality of care your patient deserve.

## World Class Quality

Q-Ject is made from the highest quality raw materials and undergoes 100% automated online inspection throughout the manufacturing process.

- Optimized needle tipping technology for low penetration force
- Minimal discomfort
- Luer lock
- Luer slip
- Innovated design ensure better plunger retention dew to excellent end lock
- Semi safety features
- High clarity barrel with perfect readable printed scale

## OTHER BENEFITS OF Q JECT

- Biocompatible product compliant with medical grade
- Packaging designed to ensure fiber free peeling
- Optimized sterilization ensure glycol free residue

# Q NEED

Universal colored transparent Standard hub



**LATEX FREE**

**PYROGEN FREE**

**NON TOXIC**

Optimized tipping technology achieving bonding force of needle and minimal penetration force

1. Smoother insertion diameter
2. Minimal discomfort

## Q-Need- Introduction

Q-Need is a high quality hypodermic needle with top specifications and raw material to ensure the highest levels of safety and efficiency of use for medical staff, minimal discomfort for patients.

QG has developed this product with patient care and comfort as the priority.

## World Class Quality

Q- Need it features the ultra-sharp stainless steel through its optimized automated tipping technology for minimal penetration force.

The highest contribution to preventing tissue injury, and more commonly patient discomfort. Additionally, the QG 100% automated online inspection using cameras and sensors ensures total product quality.

- Smoother insertion diameter
- Minimal discomfort
- Universal colored transparent Standard hub
- Optimized tipping technology achieving bonding force of needle and minimal penetration force

## OTHER BENEFITS OF Q NEED

- Biocompatible product compliant with medical grade
- Packaging designed to ensure fiber free peeling
- Optimized sterilization ensures glycol free residue

# Q FLOW

**LATEX FREE**

**PYROGEN FREE**

**NON TOXIC**

1. QFlow offers a non invasive route of drug delivery
2. Bigger inside wall for better flow

1. Minimized patient discomfort and risk of perforation
2. Minimal irritation and risk of venous vessel inflammation

1. Universal colour coding
2. Various sizes for all uses
3. Instant confirmation of correct vascular access
4. Avoids blood spillage

Safe Blood Stopper

## Q - Flow Introduction

Q- Flow range of single use intravenous cannula is a durable and reliable medical device designed to accommodate all types of IV therapy. Our Q-Flow production are designed with features and functionality built around the patients and health providers needs and safety.

- Safe Blood Stopper
- Wings: Injection port and receiving end of the wing have 6% luer taper
- Q Flow® offer a non-invasive route of drug delivery.
- Bigger inside wall for better flow
- Universal Colour Coding
- Various sizes for all uses
- Instant confirmation of correct vascular access
- Avoids blood spillage

## World Class Quality

Q-Flow features the use of the highest quality of raw material, sterilization and packing processes.

## OTHER BENEFITS OF Q FLOW

- Biocompatible product compliant with medical grade
- Packaging designed to ensure fiber free peeling
- Optimized sterilization ensures glycol free residue



# QGMD TRADED PRODUCTS

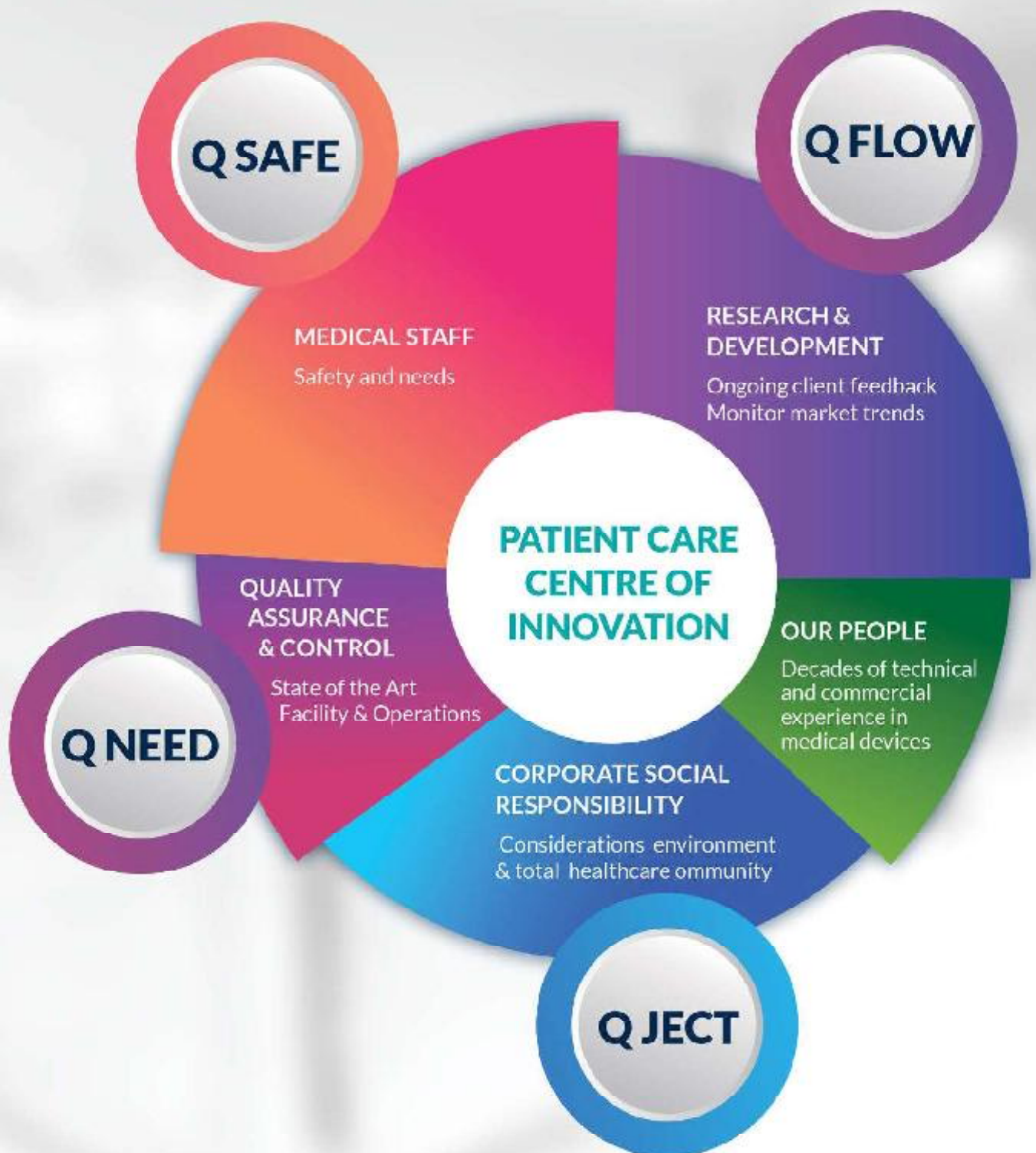


QGMD portfolio is expansive and diverse, representing international companies with strong hold in biotechnology to provide insightful healthcare solutions to help medical facilities operate more efficiently and effectively . Our main target is catering to a larger need base of our customers in a professional way and Our choices are selectively made to support the mission of quality healthcare.

QGMD Provide sales and after sales support, maintenance and technical support for its traded products .

In this field of specialty , QGMD is committed to bring reliable, long-lasting & quality products from all over the world to cater the medical specialists in the area .

# OUR BUSINESS











# CORPORATE GOVERNANCE REPORT 2022

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# **QATARI GERMAN FOR MEDICAL DEVICES COMPANY**

**(Q.P.S.C)**

## **CORPORATE GOVERNANCE REPORT 2022**





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## Introduction

**Qatar German For Medical Devices Company (Q.P.S.C)** is headquartered in Doha, Qatar. QGMD uses its state-of-the-art production facility which has made them to be a credible competitor in the medical devices industry where the progressive healthcare markets rely on QGMD's patient-centric products of superior quality.

This report sets out the profile of the company's governance framework and continues with the Qatari German for medical Devices company Adopting a framework that seeks full compliance with regulatory requirements.

The Board of Directors adopted a corporate governance framework, in which the Board of Directors and its committees and the Executive Management Team manage the affairs of the Qatari German for Medical Devices Company. The development of corporate governance standards to achieve best governance practices is a priority of the Board of Directors and the senior management of QGMD. The Company continuously promotes and improves its governance principles and structure for the benefit of its shareholders and current and potential stakeholders.

## Commitment to Comply with Corporate Governance

**Qatari German For Medical Devices Company (Q.P.S.C)** comply with all relevant rules and regulations issued by the Qatar Financial Markets Authority ("QFMA" or the "Authority") including the Governance Code for Companies and Legal Entities Listed in the Main Market.

## Corporate Governance Achievements for the Year Ended 31 December 2022

The **Qatari German for Medical Devices Company** has developed and commenced several initiatives to comply with the new requirements of the Qatar Financial Markets Authority in relation to adopting and implementing the new regulatory developments, including but not limited to the following:

- Continued to enhance its Corporate Governance Framework with the aim of achieving full compliance with the Code.
- Restructured the Board and its committees in accordance with the requirements of the Code:
- The company has a corporate governance policy developed in line with the best standards of corporate governance.





## Board of Directors

### Board Members

- The Board of Directors currently consists of 6 members originally elected for the period 2021-2024, whereas per the Article of Association the members can be re-elected through the General Assembly secret voting.
- As per the company's Article of Association (Article 24), the Board of Directors shall consist of 7 members, however in the case of vacancy within the Board, it can continue its work with a minimum of 5 members as per (Article 29).
- As per the company's Article of Association (Article 24) have been amended , to achieve equality between the rights of shareholders without preference, and if the Government contributes to the company, instead of participating in electing members of the board of directors, it may assign representatives in the board in proportion to the shares it owns and their number is deducted from the total members of the board of Directors .
- The Independent Members currently represent third of the Board, and all of them are Non-Executive members in compliance with (Article 6) of QFMA's Governance Code.
- The Table below table presents information about the current Board of Directors Members (2021-2024):

Name	Representing	Designation	Executive/Non-Executive
Mr. Ali Hassan Ibrahim Ali Al- Emadi	Himself	Chairman - Independent	Non-Executive
Mr. Mohammed Abdulmoneim Al Sayed	Himself	Vice Chairman - Independent	Non-Executive
Mr. Mohammad Ali Al-Ansari	Himself	Managing Director - Independent	Executive
Mr. Khalid Abdullah Al-Hitmi	Himself	Independent Member	Non-Executive
Mr. Mohammad Abdulrahman Fakhroo	Himself	Independent Member	Non-Executive
Mr. Abdullah Hassan Al-Obaidly	Himself	Independent Member	Non-Executive



## Board Members Experience and membership on other boards

Director Name	Experience and membership on other boards
<b>Mr. Ali Hassan Ibrahim Ali Al- Emadi</b>	<ul style="list-style-type: none"> <li>• He currently works as a Chief Executive officer - Liberty packing manufactures.</li> <li>• Also Held the position of Sales and Business Development Director –Mowasalat karwa .</li> <li>• Previously as Taxi management Office Manager – Mowasalat karwa</li> <li>• Operation Manager - Alijarah Holding</li> <li>• Member in the International Federation of public Transport</li> <li>• Holds Diplomat certificate from Swansea University – United Kingdom</li> <li>• Holds bachelor's degree in Business Administration from London South Bank university - United Kingdom</li> </ul>
<b>Mohammed Abdulmoneim Al Sayed</b>	<ul style="list-style-type: none"> <li>• Currently works in the Investment and Business Development Department at Barzan Holdings</li> <li>• Board member at Inma Holding.</li> <li>• Served as a Board member at Dlala Brokerage Company</li> <li>• Worked for Qatar Airways in the Financial and Treasury Department</li> <li>• He holds a bachelor's degree in Business Management and Accounting &amp; Finance from Nottingham Trent University – UK</li> <li>• He also holds a Master's degree in Management and International Business from Nottingham Trent University - UK</li> </ul>
<b>Mr. Mohammad Ali Al-Ansari</b>	<ul style="list-style-type: none"> <li>• A businessman , currently holds the position of CEO of Qatar Industrial Foam and Furnishing Company (Qatar Foam).</li> <li>• He also holds the position of CEO of Ali Iskandar Al-Ansari &amp; Sons Company</li> <li>• He is the founder and CEO of Venue Decorations Company</li> <li>• Holds a Bachelor's degree in Business Administration from the Arab Academy for Science Technology and Maritime Transport</li> </ul>
<b>Mr. Khalid Abdullah Al-Hitmi</b>	<ul style="list-style-type: none"> <li>• Currently works as the CEO of Barwa Financial District Company</li> <li>• He also previously held the position of General Manager of Barwa Village Company</li> <li>• He also worked in the Engineering Affairs Department of the Private Engineering Office</li> <li>• Holds an MBA from HEC Paris</li> </ul>





<b>Mr. Mohammad Abdulrahman Fakhroo</b>	<ul style="list-style-type: none"> <li>Currently the Managing Director of Jewar Real Estate Company</li> <li>He also held the position of CEO of Tanween Company</li> <li>He also held the position of Executive Director in The First Investor Company</li> <li>He had gained his administrative and financial experience when working as a financial consultant in KPMG company</li> <li>Holds an MBA from HEC Paris</li> </ul>
<b>Mr. Abdullah Hassan Al-Obaidly</b>	<ul style="list-style-type: none"> <li>He worked as a project manager for the Al-SuhailSat-2 satellite in Japan</li> <li>He also holds a set of advanced courses in the field of satellites and space sciences</li> <li>Holds a Bachelor's degree in Electrical, Communications and Networks Engineering from the University of Bedfordshire - United Kingdom</li> </ul>

### Board Meetings

- The Board held 6 meetings during 2022, complying with the minimum requirement of QFMA's Governance Code (Article 14) and the Company's Article of Association (Article 31). However the company did not comply with Article 14 as the BOD convene a succeeding meeting which lapsed more than three months
- All Board meetings were attended of the majority of Members including the Chairman, complying with the Company's Article of Association (Article 31) which states that the Board Meeting shall be deemed valid if attended by at least half of the Board members, under the condition that the number of attendees is not less than 3 members.
- Article 5 of the QFMA's Governance Code highlighted that the Board member must be qualified with sufficient knowledge of administrative matters and relevant experience to perform its duties effectively and must devote enough time to do its job with integrity and transparency to achieve the Company's interest, goals and objectives.
- The Table below table presents the information about Board Meetings held in 2022:

Board Meetings			
No	Date	Members attended	Members Absent
1	15 March 2022	6	0
2	24 April 2022	5	1
3	10 August 2022	4	2



4	13 October 2022	6	0
5	26 October 2022	6	0
6	28 December 2022	6	0

## Changes in the Board's directorships during 2022

Resignation of Mr. Khalid Abdullah Al-Hitmi from all board committees on 24<sup>th</sup> April 2022

## Non-executive Board Members

During the year ended 31 December 2022, the majority of the Board members were non-executive members. The Company applies the strict definition of "Non-executive Board member" according to the Code i.e. *"Non-executive Board members are those who are not performing executive management duties in the Company, who are not dedicated full time and who do not receive monthly or yearly remuneration from the Company"*

## Independence

The Company acknowledges that as per the corporate governance rules, at least one third of the Board members are independent, and exerts its best effort to realize the independence of one third of the Board members.

The current independent Board members are not under the influence of any factor that limits their capacity to deliberate on

Company matters in an unbiased and objective manner based on known and existing facts.

## Prohibition of combining positions

The Board members will refrain from combining prohibited positions, in compliance with Article 7 of the Code.

The Board members provide the Board secretary with an Independence and Conflict of Interest Declaration annually, to declare whether they hold any legally prohibited positions.

## Board's Role

The Board independently oversees the activities of the Company with the objective of sustainable creation of value, considering the interests of the shareholders, its employees and other stakeholders.





The Board members act in good faith and in such a manner, as they reasonably believe, to be in the best interests of the Company. The Directors also:

- Comply with all applicable laws, regulations, confidentiality obligations and other corporate policies of the Company.
- Follow all policies, procedures and internal control systems of the Company.
- Act with honesty, good faith and in the best interests of the Company, and not in the interest of the group it represents, or who voted for him.

The Board commits to complying with the principles of justice and equality among stakeholders without discrimination. Among them on basis of race, gender and religion; and transparency.

### Board Duties

The Board independently manages the Company with the objective of sustainable creation of value, considering the interests of the shareholders, its employees and other stakeholders.

- The Board develops the Company's strategy and ensures its implementation.
- The Board ensures that all provisions of law and the Company's internal policies are abided by and works to achieve their compliance by members of the Company (compliance).
- The Board ensures appropriate risk management and risk controls within the Company
- The Board advises regularly, and supervises, the Executive Management of the Company and the General Managers. It must be involved in decisions of fundamental importance to the Company.
- The Board is responsible for issuing and publishing the Board Charter as per the requirement of the Code.
- The Board examines the efficiency of its activities on a regular basis.
- In discharging their duties, the members of the Board act in good faith and exercise the same care and diligence which an ordinary, prudent person would exercise in taking care of his own money under similar circumstances, and reasonably act in the best interest of the Company.



- Members of the Board take reasonable steps to be fully aware of all relevant issues, including engaging in due diligence, and make informed and independent decisions when voting on Company matters. The duty of care also requires the members of the Board to take reasonable steps to monitor the Company's Executive Management and finances.

### **Board Members' Duties**

All Board members shall comply with the following duties:

- Attending meetings of the Board and committees regularly, and not withdrawing from the Board.
- Ensuring that priority shall be given to the shareholders' interests over their own.
- Providing opinion on strategic matters, project implementation, staff accountability systems, resources, key appointments, and operation standards.
- Monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports.
- Supervising the development of procedural rules for QGMD governance to ensure their implementation in an optimal manner and in accordance with QFMA's requirements.
- Using their varied skills and experiences with diversified specialties and qualifications through an effective and productive management of the Company, and working to achieve the interests of QGMD, partners, shareholders, and other stakeholders.
- Effective participation in the Company's general assemblies, and achieving its members' demands in a balanced and fair manner.
- Disclose financial and trade relations, and litigants, including the judicial, which may impact negatively on carrying out the tasks and functions assigned to them.

The Board members, at the Company's expense, may request an opinion of an independent external consultant on issues relating to any of the Company's affairs.

### **Board of Directors Evaluation:**

An annual performance evaluation process for the year 2022 for the Board of directors and its committees was conducted according to a specific questionnaire developed by the Board. The evaluation process considered the following:

The main components of the BOD structure and its responsibilities, including the composition of the BOD, the ease of access to information and their quality, the main responsibilities and tasks of the board members, their relationship with the executive management and also the performance of the board committees.





It also included a section on evaluating the authorities and public information in terms of their availability and effectiveness.

And another part about clarity of statements, meetings mechanism, professionalism, and commitment of members.

### **Remuneration**

No Board remuneration During 2022

## **Chairman of the Board**

### **Responsibilities**

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner by ensuring that the Board discusses all the issues presented to it in a timely manner and approving the agenda of every meeting of the Board and taking into consideration matters proposed.

### **Duties**

- The Chairman chairs the Board meetings, coordinates work within the Board and attends to the affairs of the Board externally.
- The Chairman is responsible for calling Board meetings and approving their agendas. This may be delegated by the Chairman to the Vice Chairman, a Board Member but remains the Chairman's ultimate responsibility.
- The Chairman of the Board shall regularly maintain contact with the Board, and consult with them on strategy, business development and risk management of the Company. The Chairman of the Board will inform the Board without delay of important events which are essential for the assessment of the situation and development as well as for the management of the Company.

## **Board Secretary**

The Board Secretary assists the Chairman and all Board members in conducting their duties. His/her principal role is to advise the Board and the Chairman on governance matters that have the potential to affect the Company's operations whilst enhancing the Board's performance through the provision of impartial and relevant advice.





regarding guidance on Board procedures, legal requirements and other areas of corporate governance, along with developments in international best practice. During the year 2022, Mr. Abdullah Fouad Dhamesh served as Board Secretary beside being the investor relationship Officer . Mr. Abdullah has a long experience in the field of corporate accounting .

## **Board Committees**

The Board forms committees with sufficient expertise. The committees serve to increase the efficiency of the Board's work and the handling of complex issues. The nominated committee chairmen report regularly to the Board on the work of their respective committees.

## **Executive Committee**

- The executive Committee currently consists of 3 members, complying with the minimum requirement of QFMA's Governance Code (Article 18), elected by the Board for the period 2021-2024.
- The executive Committee is Chaired by an independent member Mr. Mohammad Abdulrahman Fakhroo, as highlighted in QFMA's Governance Code (Article 18).
- The Table below table presents information about the current executive Committee Members (2021-2024)

Name	Representing	Designation	Executive/Non-Executive
Mr. Mohammad Abdulrahman Fakhroo	Himself	Head of Committee	Non-Executive
Mr. Mohammad Ali Al-Ansari	Himself	Member	Executive
Mr. Abdullah Hassan Al-Obaidly	Himself	Member	Non-Executive

\*Joined the committee on 24 April 2022

The executive Committee held 6 meetings during 2022

The Table below table presents the information about executive Committee Meetings held in 2022:

Executive Committee meetings			
Committee Meeting Ref.	Date	Members attended	Members Absent



1	3 February 2022	3	0
2	24 February 2022	3	0
3	17 May 2022	3	0
4	8 June 2022	3	0
5	12 October 2022	3	0
6	26 December 2022	3	0

## Audit Committee

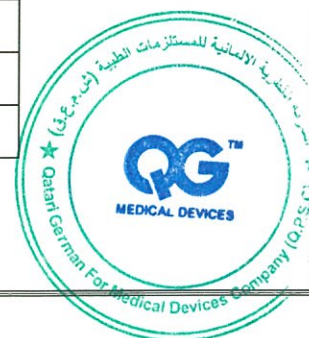
- The Audit Committee currently consists of 3 members, complying with the minimum requirement of QFMA's Governance Code (Article 18), elected by the Board for the period 2021-2024.
- The Audit Committee is Chaired by an independent member Mr. Mohammad Abdul Monem Al-Sayed, as highlighted in QFMA's Governance Code (Article 18).
- The Table below table presents information about the current Audit Committee Members (2021-2024)

Name	Representing	Designation	Executive/Non-Executive
Mr. Mohammad Abdul Monem Al-Sayed	Himself	Head of Committee	Non-Executive
Mr. Mohammad Abdulrahman Fakhroo	Himself	Member	Non-Executive
Mr. Mohammed Ali Al-Ansari	Himself	Member	Executive

The Audit Committee held 6 meetings during 2022, complying with the minimum requirement of QFMA's Governance Code (Article 19).

The Table below table presents the information about Audit Committee Meetings held in 2022:

Committee Meeting Ref.	Date	Members attended	Members Absent
1	14 March 2022	3	0
2	20 April 2022	3	0
3	10 August 2022	3	0
4	26 October 2022	3	0
5	17 November 2022	3	0





6	27 December 2022	3	0
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## Nomination & Remuneration Committee

QGMD combined the Nomination Committee and Remuneration Committees in one committee called "Nomination and Remuneration Committee".

The Audit Committee is Chaired by an independent member Mr. Khalid Abdullah Al-Hitmi , as highlighted in QFMA's Governance Code (Article 18).

The Table below table presents information about the current Nomination & Remuneration Committee Members :

Name	Representing	Designation	Executive/Non-Executive
Mr. Abdullah Hassan Al-Obaidly	Himself	Head of Committee	Non-Executive
Mr. Mohammad Abdulrahman Fakhroo	Himself	Member	Non-Executive
Mr. Mohammad Ali Al-Ansari	Himself	Member	Executive

The Nomination and Remuneration Committee held 1 Meeting during 2022.

The Table below table presents the information about the Nomination and Remuneration Committee Meetings held in 2022:

Nomination & Remuneration Committee Meetings				
No	Committee Meeting Ref.	Date	Members attended	Members Absent
	1	26 December 2022	3	0

## Internal Control Systems

Internal control is integral to QGMD activities and helps to ensure attainment of the Company's objectives in terms of operational effectiveness and outcome, the reliability of financial reporting and compliance with relevant laws and regulations.

The Board, Executive Management and other personnel all carry responsibility to develop and maintain sound internal control systems.





## Risk Management

The reputation of QGMD relies on the company's ability to reduce risks through multiple mechanisms to evaluate and address the potential risks .

The company ensures that the board of directors, its committees, executive management, its representatives , and their employees focus Completely on the roles and responsibilities assigned to them.

Board members and management implement all reasonable measures to ensure that proper policies, procedures, and systems are implemented to identify, measure, monitor, and report risks, especially: market risk, credit risk, liquidity risk, and operational risk.

The company believes that training and awareness of the risk management entities is necessary for all to instill a culture of risk management in the company, and to ensure that every board member, executive director, director, or employee is able to manage potential risks in the implementation of his / her tasks.

The company maintains an integrated risk register that includes the risk management that covers how to deal with potential and current risks for all departments .

During the year 2022, the main Risk factor which the company was facing is to maintain the stability of the turnover during the Covid-19 financial recovery phase , which the finance department along with the Board of directors has put recovery plans to mitigate the risk .

- The company has also taken some risks to supply large quantities of the company's products in record time, after analyzing the outcome of obligation compared to the size of the risk.

The risk register is reviewed annually to ensure that it includes all administrative, financial and operational risks, and adhering to an integrated governance framework.

## Internal Audit

Internal audit is an important management control tool, which provides the necessary level of reasonable assurance related to the internal control systems.

Internal audit is managed by AL Ansari Auditors , their team have with the relevant qualification and experience in financial audit, performance assessment and risk management. QGMD granted them access to all Company departments.

## External Audit

In accordance with Companies Law and QFMA regulations, the General Assembly of QGMD appoints an external auditor upon the recommendation of the Audit Committee to the Board.



The external auditor is appointed on a rolling one-year basis, renewable for a similar period up to a maximum of five consecutive years.

The external auditor appointed shall be registered on QFMA's list of external auditors and must comply with the highest professional standards. The external auditor shall be completely independent from the Company and its Board members and shall not have any conflicts of interest in his/her relation to the Company.

The external auditor shall submit to the General Assembly the external audit report. The auditor or his/her delegate must read the report before the General Assembly and answer the shareholders' questions.

The General Assembly Meeting held on 20<sup>th</sup> April, 2022 appointed Mazars. International for the First year , to audit QGMD's accounts for the year ended 31 December 2022.

### **Shareholders' Rights**

Shareholders' rights are protected by the Companies law, the Articles of Association, the Board Charter and the Code.

In accordance with the procedures described in the Articles of Association, the Company makes available the following documents to the shareholders upon request:

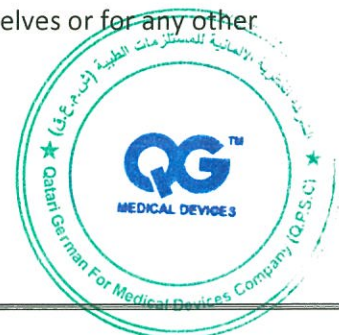
- Shareholders' register
- Board member information (available on the website)
- Articles of Association
- Annual Report of the Board submitted to the General Assembly
- Any other document submitted to the General Assembly

The company has established a mechanism for shareholders' rights in the governance policy. The company has also dedicated a link on its website for "investor relations", through which it provides shareholders and other stakeholders information related to the company. The information is updated regularly to ensure shareholders receive the most recent information.

### **Conflict of Interest and Insider Trading**

The Qatari German for Medical Devices Company has a well-established conflict of interest policy that forms part of the governance policy framework

- Members of the Board and employees may not, in connection with their work, demand nor accept third-party payments or other advantages for themselves or for any other person or grant third parties' unlawful advantages.





- Members of the Board are bound by the company's best interests. No member of the Board may pursue personal interests in his/her decisions or use business opportunities intended for the Company for himself/herself.
- The Board must disclose information relating to insiders' dealings related to the Company without delay unless it is exempted from the disclosure requirement in an individual case.
- All Board members and Executive Management and people who have access to the Company's financial results and obtain remuneration from the Company are prohibited from trading in the company's stock, as per the QSE's bylaws Article 173 which regulate blackout periods.
- The blackout periods are as follows
  - 1st and 3rd quarter: 1 week prior to the quarter-end until the disclosure date of the financial statements
  - 2nd quarter and year-end: between the period of calling the Board meeting and date of disclosure.
- The Board members shall sign an annual independence and conflict of interest declaration form to confirm that they are responsible for disclosing to the Board any conflicts of interest that exist or is likely to exist with QGMD and disclose their trading in the Company's securities as well as the trading of their spouses and minor children.
- The Board members completed and signed the independence and conflict of interest declaration form for the year 2020.

### List of Board Members' Share ownership

Name	Representing	Designation	Share Ownership
Mr. Ali Hassan Ibrahim Ali Al- Emadi	Himself	Chairman	0.0076%
Mr. Mohammed Abdulmoneim Al Sayed	Himself	Vice Chairman	NO shares
Mr. Mohammad Ali Al-Ansari	Himself	Managing Director	0.0000086%
Mr. Khalid Abdullah Al-Hitmi	Himself	Independent Member	0.0000086%
Mr. Mohammad Abdulrahman Fakhroo	Himself	Independent Member	0.3%
Mr. Abdullah Hassan Al-Obaidly	Himself	Independent Member	0.0000086%

### Environmental Responsibility

The company is concerned with its environmental responsibility, as the raw plastic waste from the production process is reused in manufacturing under quality control measures . All the rejected waste paper during the production process was also recycled.





During the year 2022 year the company has added another crucial environmental measure by recycling the steel waste as well , which has added more sustainability in QGMD process .

### Disputes and Lawsuit

NO lawsuits or Disputes during the year 2022

### Violations and penalties

There were no violations or penalties related to governance procedures during the year 2022

### Transactions and dealings with related parties

During the year 2022, the company did not enter into any transactions or deals with any related party, as the Board of Directors is very keen to disclose any delays that may involve a conflict of interest or dealing with related parties

### QGMD's Capital

The current share capital for the company is QR 115,500,000 and the share price is QR (1). The Company's capital structure is disclosed in the Company's financial statements as well as on the Qatar Exchange website and the company's website.

In accordance with the company's Article of Association, the company's shareholding ceiling is 25% of the total number of shares. The company receives a monthly Shareholders register from Qatar Central Securities Depository (QCSD). According to the information obtained from QCSD on 31 December 2021, no shareholder exceeds the limit of 25%. The foreigners allowed to own maximum up to 49% of the total shares of the company.

**Ali Hassan Ibrahim Al-Emadi**

Chairman  
Qatari German for Medical Devices Company









# FINANCIAL STATEMENTS

31 DECEMBER 2021



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

**FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

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

**FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022**

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# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

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

### Report on the audit of the financial statements

#### Qualified Opinion

We have audited the financial statements of Qatari German Company for Medical Devices Q.P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters discussed in the "Bases of qualified opinion" the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards.

#### Basis of Qualified Opinion

- With reference to note 8 to the financial statements. The company has inventories amounted to QR 27,691,728. The balance includes QR 8,600,782 which is outstanding for more than one year. The management has not assessed the net realizable value of the these balances under IAS 2 "Inventories". Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
- With reference to note 7 to the financial statements. The company has recognised intangible assets amounted to QR 10,329,937, against right of use of patent and know how of safety syringes. The management is still in the process of performing test for impairment of the patent. Consequently, we were unable to determine whether any adjustments to patent balance were necessary.
- With reference to note 15 of the financial statements, the management has a loan amounting to QR 142,018,686 outstanding from a local bank, the management has breached the financial covenant of certain facilities which is giving the right to the bank to claim the full balance, in addition to that we have not obtained waiver from the bank. Consequently, we were not able to conclude regarding the presentation of bank loan balance over current and non-current liabilities.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, and we have fulfilled our other responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Emphasis of Matter

We draw attention to note no 9 regarding the outstanding receivable amounting to QR 2,576,786 from third party which is outstanding for more than 3 years. The management is of the position that the balance is fully recoverable.



# **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C. (CONTINUED)**

## **Report on the audit of the financial statements (continued)**

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 which states that, material uncertainty in relation to going concern exist as the company has accumulated losses exceeded its share capital. In addition, the company current liabilities exceeded its current assets by QR 1,443,643 as at reporting date. Furthermore, as disclosed in note 15 to the financial statements, the Company has breached certain loan covenants. As a result of these events or conditions, that indicate that a material uncertainty exists that may cast significant doubt about on the Company's ability to continue as a going concern.

### **Other Matter**

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor on 15 March 2022, who expressed qualified opinion on those financial statements.

### **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, except for the matter described in the basis of qualified opinion. For each matter below, our description of how our audit addressed the matters is provided in that context. We have fulfilled the responsibility described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to other matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Valuation of Buildings under Property, Plant and Equipment and Investment Property</b>	
<p>We focused on this area because buildings under property, plant and equipment on the statement of financial position amounted to QR 35,694,600 (2021 : QR 36,984,036) which represents 34% (2021 : 33%) of the total property, plant and equipment and 18.1% (2021 : 19.1%) of the Company's total assets and investment properties on the statement of financial position amounting to QR 12,590,000 which represents 6.51% (2021 : 6.71%) of the Company's total assets.</p> <p>Estimating the fair value is a complex process involving number of judgements and estimates including key assumptions, Consequently the valuation of the investment property and building is considered as a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>Assessing the competence, capabilities and objectivity of the expert appointed by the management.</li> <li>Agreeing the property information in the valuation by tracing a sample of inputs to the underlying property records held by the Company;</li> <li>Involving our own valuation specialist to assist us in the following matters:</li> <li>Assessing the consistency of the valuation basis and appropriateness of the methodology used, based on generally accepted valuation practices; and</li> <li>Evaluating the appropriateness of the assumptions applied to key inputs such as market prices, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Company and the industry.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C. (CONTINUED)****Other Information**

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for 2022 but does not include in the financial statements and our auditor's report.

The Company's 2022 annual report is expected to be made available to us after the date of this auditor's report, thereon. Our opinion on these financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact, we have nothing to report in respect of the report on the other information.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

**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 ISAs 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 ISAs, 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

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C. (CONTINUED)

### Auditor's responsibilities for the audit of the financial statements (continued)

- 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 the management 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditors' 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

Further, as required by the Qatar Commercial Companies Law (QCCL) No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("the amended QCCL"), we report the following:

- The Company has maintained proper books of account and the financial statements are in agreement therewith;
- Inventory count has been conducted in accordance with established principles;
- We have obtained all the information and explanations we considered necessary for the purpose of our audit; and
- We are not aware of any violations of the Qatar Commercial Companies' Law (QCCL) No. 11 of 2015 and its amendments by law No 8 of 2021 or the Articles of Association having occurred during the year which might have had a material effect on the financial position of the Company or on its financial performance as at and for the year ended 31 December 2022.

Ahmed Tawfik Nassim  
Auditor's Registration No. 66  
QFMA Registration No. 1201911  
16 March 2023  
Doha, State of Qatar





**QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.****STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

(All amounts expressed in Qatari Riyal unless otherwise stated)

	Note	2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	106,451,000	111,003,888
Investment properties	5	12,590,000	12,590,000
Right-of-use asset	6	78,991	88,285
Intangible assets	7	10,329,937	10,329,937
<b>Total non-current asset</b>		<b>129,449,928</b>	<b>134,012,110</b>
<b>Current assets</b>			
Inventories	8	27,582,257	27,064,894
Accounts and other receivables	9	30,725,556	21,276,879
Cash and bank balances	10	6,346,825	5,191,962
<b>Total current assets</b>		<b>64,654,638</b>	<b>53,533,735</b>
<b>TOTAL ASSETS</b>		<b>194,104,566</b>	<b>187,545,845</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	115,500,000	115,500,000
Legal reserve	12	30,674,031	30,549,621
Revaluation reserve	14	11,910,929	11,999,694
Accumulated losses		(123,594,187)	(125,388,182)
<b>TOTAL EQUITY</b>		<b>34,490,773</b>	<b>32,661,133</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	92,488,710	77,640,558
Employees' end of service benefits	16	955,097	1,081,676
Lease liability	6	71,705	80,612
<b>Total non-current liabilities</b>		<b>93,515,512</b>	<b>78,802,846</b>
<b>Current liabilities</b>			
Borrowings	15	52,373,230	50,108,902
Lease liability	6	8,906	8,604
Accounts and other payables	17	13,716,145	11,695,134
Bank overdraft	10	-	14,269,226
<b>Total current liabilities</b>		<b>66,098,281</b>	<b>76,081,866</b>
<b>TOTAL LIABILITIES</b>		<b>159,613,793</b>	<b>154,884,712</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>194,104,566</b>	<b>187,545,845</b>

These financial statements were approved by the Board of Directors on 16 March 2023 and signed on its behalf by:

Mr. Ali Hassan Al-Emadi

Chairman of the Board of Directors

Mr. Mohammad Ali Al-Ansari

Board member and Managing Director

The accompanying notes from 1 to 19 are an integral part of these financial statements.

**mazars**  
Consultants, Auditors and Partners  
P.O. BOX 5582, DOHA, QATAR  
Stamped for Identification  
Purposes Only

**QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts expressed in Qatari Riyal unless otherwise stated)

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Revenue	19	42,655,693	40,554,535
Cost of revenue	20	(29,340,307)	(30,598,455)
<b>Gross profit</b>		<b>13,315,386</b>	<b>9,956,080</b>
Other income	21	2,519,918	6,668,911
Selling and distribution expenses	22	(616,127)	(542,856)
General and administrative expenses	23	(10,148,344)	(10,120,301)
<b>Operating profits</b>		<b>5,070,833</b>	<b>5,961,834</b>
Finance cost	24	(3,826,736)	(4,781,006)
<b>Profit for the year</b>		<b>1,244,097</b>	<b>1,180,828</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value changes of properties carried at fair value		616,645	-
<b>Other comprehensive income for the year</b>		<b>616,645</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,860,742</b>	<b>1,180,828</b>
<b>Basic and diluted earning per share</b>	25	<b>0.011</b>	<b>0.010</b>



The accompanying notes from 1 to 31 are an integral part of these financial statements.

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

**STATEMENT OF CHANGE IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts expressed in Qatari Riyal unless otherwise stated)

	Share capital	Legal reserve	Revaluation reserve	Accumulated losses	Total
Balance at 1 January 2021	115,500,000	30,431,538	11,999,694	(126,421,406)	31,509,826
Profit for the year	-	-	-	1,180,828	1,180,828
<b>Total comprehensive income for the year</b>	-	-	-	1,180,828	1,180,828
Transfer to legal reserve (Note 12)	-	118,083	-	(118,083)	-
Social and sports fund contribution (Note 13)	-	-	-	(29,521)	(29,521)
<b>Balance at 31 December 2021</b>	<b>115,500,000</b>	<b>30,549,621</b>	<b>11,999,694</b>	<b>(125,388,182)</b>	<b>32,661,133</b>
Profit for the year	-	-	-	<b>1,244,097</b>	<b>1,244,097</b>
Fair value changes of properties carried at fair value	-	-	<b>616,645</b>	-	<b>616,645</b>
<b>Total comprehensive income for the year</b>	-	-	<b>616,645</b>	<b>1,244,097</b>	<b>1,860,742</b>
Transfer to legal reserve (Note 12)	-	<b>124,410</b>	-	(124,410)	-
Transfer of depreciation of revalued assets (Note 4)	-	-	(705,410)	705,410	-
Social and sports fund contribution (Note 13)	-	-	-	(31,102)	(31,102)
<b>Balance at 31 December 2022</b>	<b>115,500,000</b>	<b>30,674,031</b>	<b>11,910,929</b>	<b>(123,594,187)</b>	<b>34,490,773</b>



The accompanying notes from 1 to 31 are an integral part of these financial statements.



**QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.****STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts expressed in Qatari Riyal unless otherwise stated)

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the year		<b>1,244,097</b>	1,180,828
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4	<b>5,421,261</b>	5,404,131
Depreciation on right-of-use assets	6	<b>9,294</b>	9,293
Reversal of provision for impairment losses against receivables	21	-	(2,595,235)
Reversal of provision for slow-moving and obsolete inventories	21	-	(1,461,752)
Provision for employees' end of service benefits	16	<b>198,876</b>	190,754
Inventories written off	23	-	67,451
Finance cost	24	<b>3,826,736</b>	4,781,006
<b>Operating profit before changes in working capital</b>		<b>10,700,264</b>	7,576,476
<i>Working capital changes:</i>			
Inventories		<b>(517,363)</b>	(3,361,733)
Accounts and other receivables		<b>(9,448,677)</b>	(2,478,344)
Accounts and other payables		<b>2,019,430</b>	5,123,176
<b>Cash generated from operating activities</b>		<b>2,753,654</b>	6,859,575
Employees' end of service benefits paid	16	<b>(325,455)</b>	(82,109)
Finance cost paid		<b>(1,351,202)</b>	(990,363)
Social and Sports fund contribution paid		<b>(29,521)</b>	(22,105)
<b>Net cash from operating activities</b>		<b>1,047,476</b>	5,764,998
<b>INVESTING ACTIVITY</b>			
Purchase of property, plant and equipment	4	<b>(251,728)</b>	(558,616)
<b>Net cash used in investing activities</b>		<b>(251,728)</b>	(558,616)
<b>FINANCING ACTIVITIES</b>			
Addition of borrowings	15	<b>4,225,718</b>	7,885,704
Repayments	15	<b>(3,855,076)</b>	(10,923,815)
Repayments of finance lease liabilities	7	<b>(11,527)</b>	(11,527)
<b>Net cash from / (used in) financing activities</b>		<b>359,115</b>	(3,049,638)
Net increase in cash and cash equivalents		<b>1,154,863</b>	2,156,744
Cash and cash equivalents at 1 January		<b>5,191,962</b>	3,035,218
<b>Cash and cash equivalents at 31 December</b>	10	<b>6,346,825</b>	5,191,962

The accompanying notes from 1 to 31 are an integral part of these financial statements.



# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts expressed in Qatari Riyal unless otherwise stated)

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### **1. COMPANY INFORMATION AND PRINCIPAL ACTIVITIES**

Qatari German for Medical Devices Company Q.P.S.C. (the “Company”) is a Qatari Public Shareholding Company registered in the State of Qatar under the Commercial Registration Number 23349. The Company was incorporated as a Qatari Public Shareholding Company by virtue of Emiri Decree No.39 issued on 15 October 2000 and was publicly listed at Qatar Stock Exchange (the “QSE”) on 25 March 2002. The Company is domiciled in the State of Qatar and its registered office is at P.O. Box 22556, Doha, State of Qatar.

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

### **2. BASIS OF PREPARATION**

#### **a) Going concern**

The Company had accumulated losses of QR 123,594,187 and its current liabilities exceeded its current assets by QR 1,443,643 as at reporting date. Furthermore, as disclosed in Note 15 to the financial statements, the Company has breached certain loan covenants. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about on the Company’s ability to continue as a going concern. However, the management strongly believes that the Company has the capability to continue in business for at least next twelve months from the reporting date and it has the ability settle its financial obligations when they fall due as the Company has history of profits and continues to be profitable. Further, the Company has history of positive cash flows and continues to generate sufficient cash to sustain its operations and is continuously generating higher operating revenues every year. The Company confirms that it has no intention to liquidate or cease the operations of the Company for at least next twelve months from the reporting date and it has future plans of borrowing additional funds, restructuring its debt and reduce or delay its expenditures. Therefore, these financial statements continue to be prepared on a going concern basis.

#### **b) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies’ Law No. 11 of 2015, as amended by Law No. 8 of 2021. The management is in the process of taking necessary actions needed to ensure full compliance with the amended law, including amending the Articles of Association of the Company where necessary and has concluded that the non-compliance at reporting date does not have material impact on the financial statements of the Company.

The Company’s accumulated losses as of 31 December 2021 exceeded 50% of the share capital. In accordance with Qatar commercial companies law No. 11 for the year 2015 Article 295 the extraordinary general assembly meeting held on 24<sup>th</sup> April 2022 resolved to continue the operation of the company . the board of directors will call the extraordinary general assembly meeting to discuss the same for the year 2022.

#### **c) Basis of measurement**

These financial statements have been prepared under the historical cost basis except for lease liabilities which are measured at the present value of the lease payments discounted using the Company’s incremental borrowing rate 3.5%, investment property and building under property plant and equipment which have been measured at fair value.

#### **d) Functional and presentation currency**

These financial statements are presented in Qatari Riyals (QR), which is the Company’s functional and presentation currency.

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

### NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts expressed in Qatari Riyal unless otherwise stated)

## 2. BASIS OF PREPARATION (Continued)

### e) Use of estimates and judgments

The information about significant areas of estimation uncertainty and critical judgments applied in the preparation of the financial statements are disclosed in Note 30.

### f) Newly effective amendments and improvements to standards

During the current year, the below amended and improvements to International Financial Reporting Standards (“IFRSs” or “standards”) became effective for the first time for financial years beginning on 1 January 2022:

<i>Effective for year beginning 1 April 2021</i>	<ul style="list-style-type: none"><li>• <i>Covid 19- Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16</i></li></ul>
<i>Effective for year beginning 1 January 2022</i>	<ul style="list-style-type: none"><li>• <i>Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</i></li><li>• <i>Annual Improvements to IFRS Standards 2018–2020</i></li><li>• <i>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</i></li><li>• <i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i></li></ul>

The adoption of the above amendments and improvements to standards had no significant impact on the Company’s financial statements.

### f) Amendments to standards not yet effective, but available for early adoption

The below new and amended International Financial Reporting Standards (“IFRSs” or “standards”) that are available for early adoption for financial years beginning after 1 January 2022 are not effective until a later period, and they have not been applied in preparing these financial statements.

<i>Effective for year beginning 1 January 2023</i>	<ul style="list-style-type: none"><li>• <i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i></li><li>• <i>IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts</i></li><li>• <i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i></li><li>• <i>Definition of Accounting Estimates (Amendments to IAS 8)</i></li><li>• <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</i></li></ul>
<i>Effective date deferred indefinitely / available for optional adoption</i>	<ul style="list-style-type: none"><li>• <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i></li></ul>

Management does not expect that the adoption in future years of the above amended standards will have a significant impact on the Company’s financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements.



# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation except for building on leasehold land which is measured at fair by revaluation model. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

The buildings held for use in the Company's operations are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity under revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property and equipment revaluation reserve relating to a previous revaluation of that asset.

All other fixed assets are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

	<u>Years</u>
Buildings on lease hold land	30
Machinery and equipment	25
Motor vehicles	5
Furniture and fixtures	5
Computer and software	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Capital work in progress comprise in progress of installation of the fire alarm system, which is in the finalization stage. Capital work in progress is carried at cost less impairment, if any. Costs are those expenses incurred by the Company that are directly attributable to the construction of properties.

Capital work in progress are not depreciated.

#### **Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company are classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Investment properties (continued)**

Land held under operating leases is classified and accounted for by the Company as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment properties are measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment properties are carried at fair value. Investment properties under construction are measured at fair value if the fair value is considered to be reliably determinable.

Investment property under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset.

If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions; and
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

Changes in fair values are recognised in the statement of comprehensive income. Investment properties are derecognised when they have been disposed.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Investment properties (continued)**

When the Company disposes off a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in statement of comprehensive income to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity.

Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to statement of comprehensive income.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

#### **Right-of-use assets**

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability (see "leases" accounting policy) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Company recognises right-of-use asset in relation to the land acquired from the Government started from 01 January 2019. The contract will end on the 1 July 2030.

Depreciation is calculated to write off the cost of items of right-of-use assets using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

#### **Intangible Asset**

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 computer 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 (definite) 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.



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

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Intangible Asset (continued)

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

#### Years

Patent and know-how

Indefinite useful life

Computer software

5

The intangible asset with an indefinite useful life should not be amortised 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 derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

A provision is made for any write-down of inventories to net realisable value and such a provision is reflected as an expense in the statement of comprehensive income in the period of write-down. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in the statement of comprehensive income in the period in which the reversal occurs.

#### Financial instruments

Accounts receivable and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

An accounts receivable without a significant financing component is initially measured at the transaction price.

#### *Financial assets: Classification and subsequent measurement*

On initial recognition, a financial asset is classified at:

- a) Amortised cost- if it meets both of the following conditions and is not designated as at FVTPL;

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Financial instruments (continued)**

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- b) Fair Value Through Other Comprehensive Income (FVTOCI) - if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- c) Fair Value Through Profit or Loss (FVTPL) - All financial assets not classified as measured at amortised cost or FVTOCI as described above.

#### *Financial assets: Classification and subsequent measurement (continued)*

On initial recognition, the Company may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified on initial recognition its receivables and cash and cash equivalents at amortised cost. The Company does not hold any other financial assets.

#### *Financial assets: Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Financial instruments (continued)**

*Financial assets: Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers: contingent events that would change the amount or timing of cash flows; terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

- Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognized in the statement of comprehensive income

*Financial assets: Subsequent measurement and gains and losses*

- Financial assets FVTPL -These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of comprehensive income. The Company does not hold such assets.
- Debt instruments at FVTOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of comprehensive income. The Company does not hold such assets.
- Equity investments at FVTOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to the statement of comprehensive income. The Company hold such assets.



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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Financial instruments (continued)**

##### *Financial liabilities: Classification and subsequent measurement*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income.

##### *Financial assets: Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; and
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### *Financial liabilities: Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### **Offsetting**

Financial assets and financial liabilities are not off-set and the gross amount presented in the statement of financial position when, and only when, the Company currently has no legally enforceable right to set off the amounts and it intends either not to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **Impairment**

##### *Non-derivative financial assets and contract assets*

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company does not hold debt investments measured at amortised cost.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Impairment (continued)**

##### *Non-derivative financial assets and contract assets (continued)*

The Company measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for accounts and other receivables are always measured at an amount equal to lifetime ECLs.

Loss allowances for and are measured either at an amount equal to 12-months or lifetime ECLs depending on the magnitude of increases in credit risk since the initial recognition of the assets.

Loss allowances on cash and cash equivalents are always measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers cash and cash equivalents to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Impairment (continued)**

##### *Non-derivative financial assets and contract assets (continued)*

##### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor will enter bankruptcy; or
- observable data indicating that there is measurable decrease in expected cash flows from a Company of financial assets.

##### *Financial assets measured at amortised cost*

The Company considered evidence of impairment for these assets, accounts and other receivables and cash at bank at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by Companying together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in the statement of comprehensive income and reflected in an allowance account.

When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through the statement of comprehensive income.



# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Impairment (continued)**

##### ***Non-financial assets***

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (right-of-use assets, intangible assets, property, plant and equipment, but not inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or a CGU.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

#### **Cash and bank balance**

For the purpose of presentation in the statement of cash flows, cash and bank balance comprise cash and bank balances.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

#### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Employees' end of service benefits**

The Company provides end of service benefits to its expatriate employees in accordance with employment contracts and the Qatar Labor Law No. 14 of 2004. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The resulting charge is included within the "Staff cost" in the statement of comprehensive income. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due. This has been presented as other noncurrent liability in the statement of financial position.

With respect to the Qatari nationals, the Ministry of Finance makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The company's provides end of service benefits to its Qatari employees in accordance with requirements of respective local laws and guidance. The entitlement to these

benefits is based upon the employees' final salary and length of personal service, subject to the completion of 20 years personal service and are subject to the employers on termination of their employment. The expected cost of these benefits are accrued upon completion of 20 years for years in excess of the 20 years threshold.

#### **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either the Company has the right to operate the asset; or the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their stand-alone price. However, for the lease of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### *The Company as a lessee*

The Company recognises right-of-use asset (see "Right-of-use assets" accounting policy) and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leases (continued)

##### *The Company as a lessee (continued)*

commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right to use the assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets are determined on the same basis of as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain premeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company presents the right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Lease liabilities" in the statement of financial position.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

##### *The Company as a lessor*

When the Company acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of underlying assets. If this is the case, then the lease is the finance lease; or if not, then it is an operating lease. As part of the assessment, the



# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *The Company as a lessor (continued)*

Company considers certain indicators such as whether the lease is for major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

If a head lease is a short- term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 “Revenue from Contracts with Customers” to allocate the consideration in the contract.

The Company recognises lease payments received under operating lease as income on straight-line basis over the lease term as part of “Other income”

#### *Covid-19 related rent concessions*

The Company has applied COVID-19 Related Rent Concessions – Amendments to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is lease modification.

#### **Dividends**

The Company recognises a liability when dividend distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Qatar Commercial Law No 11 of 2015, amended by Law No. 8 of 2021, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **Fair value measurement**

The Company measures investment property and building under property, plant and equipment fair value at each reporting date.

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. 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 minimising the use of unobservable inputs.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022**

(All amounts expressed in Qatari Riyal unless otherwise stated)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the 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 recognised 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.

#### **Revenue recognition**

##### *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 recognised' at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

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The company recognises revenue from the sale of goods measured at the fair value of the consideration. 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 recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Revenue recognition (continued)**

##### *Revenue from contracts with customers (continued)*

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. When the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the statement of profit and loss to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

#### *Rental income*

Rental income receivable from operating leases, less the Company's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the lessors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of comprehensive income when they arise.

#### *Other income*

Revenue is recognized when earned.



# **QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.**

## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Interest income / expenses**

Interest income and expense are recognised in the statement of profit using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the qualifying asset.

#### **Foreign currency transactions**

Transactions in foreign currencies during the year are translated into the functional currency of the Company at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Realized and unrealized foreign currency differences are recognised in the statement of comprehensive income. The Company does not have non-monetary assets and liabilities denominated in foreign currencies at the end of the reporting period.

#### **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.

#### **Current versus non-current classification**

The Company presents assets and liabilities based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Current versus non-current classification (Continued)**

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting.

The Company classifies all other liabilities as non-current.

**Contingent assets and liabilities**

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>Buildings on leasehold land (i) (ii)</b>	<b>Machinery and equipment (i)</b>	<b>Motor vehicles</b>	<b>Furniture and fixtures</b>	<b>Computer and software</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost</b>							
At 1 January 2021	57,182,447	94,496,146	205,500	3,128,945	761,187	721,548	156,495,773
Additions	-	372,554	-	24,788	36,445	124,829	558,616
At 31 December 2021	57,182,447	94,868,700	205,500	3,153,733	797,632	846,377	157,054,389
Additions	-	222,908	-	13,721	15,099	-	251,728
Fair value changes of properties carried at fair value	616,645	-	-	-	-	-	616,645
Disposal	-	-	-	(9,297)	-	-	(9,297)
<b>At 31 December 2022</b>	<b>57,799,092</b>	<b>95,091,608</b>	<b>205,500</b>	<b>3,158,157</b>	<b>812,731</b>	<b>846,377</b>	<b>157,913,465</b>
<b>Accumulated depreciation</b>							
At 1 January 2021	18,292,329	16,488,574	205,500	2,708,410	736,326	-	38,431,139
Charge for the year (Note 23)	1,906,082	3,284,754	-	198,019	15,276	-	5,404,131
At 31 December 2021	20,198,411	19,773,328	205,500	2,906,429	751,602	-	43,835,270
Charge for the year (Note 23)	1,906,081	3,328,419	-	164,343	22,418	-	5,421,261
Disposal	-	-	-	(9,297)	-	-	(9,297)
<b>At 31 December 2022</b>	<b>22,104,492</b>	<b>23,101,747</b>	<b>205,500</b>	<b>3,061,475</b>	<b>774,020</b>	<b>-</b>	<b>49,247,234</b>
<b>Accumulated Impairment</b>							
As at 1 January	-	2,215,231	-	-	-	-	2,215,231
<b>As at 31 December 2022</b>	<b>-</b>	<b>2,215,231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,215,231</b>
<b>Carrying amounts</b>							
<b>At 31 December 2022</b>	<b>35,694,600</b>	<b>69,774,630</b>	<b>-</b>	<b>96,682</b>	<b>38,711</b>	<b>846,377</b>	<b>106,451,000</b>
<b>At 31 December 2021</b>	<b>36,984,036</b>	<b>72,880,141</b>	<b>-</b>	<b>247,304</b>	<b>46,030</b>	<b>846,377</b>	<b>111,003,888</b>



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**4. PROPERTY, PLANT AND EQUIPMENT (Continued)**

- i. The property, plant and equipment listed above were pledged against the loans and borrowings obtained by the company as disclosed in note 15 to these financial statements.
- ii. Buildings have been constructed 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 are disclosed in note 6.
- iii. The depreciation for property, plant and equipment for the year is amounted to QR 5,421,261 (2021 : 5,404,131). The allocation of depreciation is as follows:

	2022	2021
General and administrative expenses (23)	4,691,374	4,468,523
Cost of revenue (20)	729,887	935,608
	<u>5,421,261</u>	<u>5,404,131</u>

**IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT**

The accounting policy related to assessment of impairment has been applied each reporting period to estimate the recoverable value of entire class of property, plant and equipment. As a result and as per management's estimations the recoverable value of the entire class of property, plant and equipment are higher than their carrying value as of reporting date.

In general, the recoverable value of machinery and equipment is determined based on external independent valuer, having appropriate recognised 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 recoverable value of machinery and equipment is lower than its carrying value by QR 6,603,312. Accordingly, the amount has been recognised as impairment in the statement of profit or loss and other comprehensive income during the year 2017.

Based on the appraiser's outcome of 2020, the carrying value of machinery and equipment has been increased to QR 75,792,341 and which resulted to reverse the previously recognized impairment loss of QR 4,388,081 during the year ended December 31, 2020.

Based on o the appraiser's outcome of 2022, the recoverable value of machinery and equipment amounting to QAR 69,800,000 than their carrying values as of reporting date (which was not significantly deviated to reverse the previously recognized impairment losses).

The accumulated impairment in relation to the machinery and equipment as follow:

	2022	2021
<b>At 31 December</b>	<u>2,215,231</u>	<u>2,215,231</u>

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**5. INVESTMENT PROPERTIES**

	<u>2022</u>	<u>2021</u>
Buildings	<u><b>12,590,000</b></u>	<u>12,590,000</u>

The Company's investment property consist of a building constructed on the portion of leasehold land (65,779 square feet) 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 2,430,000 for the year ended 31 December 2022 (2021: QR 2,400,000) included under other income (Note 21).

The fair value of investment property as at 31 December 2022 was determined by an external independent property valuer, having the appropriate recognised 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.

**6. LEASES**

The company leases office space, warehouse and worker accommodation.

**Right of use asset**

	<u>2022</u>	<u>2021</u>
<b>Cost</b>		
As at 1 January	<u><b>116,164</b></u>	<u>116,164</u>
As at 31 December	<u><b>116,164</b></u>	<u>116,164</u>
<b>Accumulated depreciation</b>		
At 1 January	<u><b>27,879</b></u>	<u>18,586</u>
Charge for the year (Note 23)	<u><b>9,294</b></u>	<u>9,293</u>
At 31 December	<u><b>37,173</b></u>	<u>27,879</u>
<b>Carrying amount</b>		
At 31 December	<u><b>78,991</b></u>	<u>88,285</u>

Buildings have been constructed 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.

**Lease liabilities**

	<u>2022</u>	<u>2021</u>
At 1 January	<u><b>89,216</b></u>	<u>99,221</u>
Repayments	<u><b>(11,527)</b></u>	<u>(11,527)</u>
Interest charges for the year	<u><b>2,922</b></u>	<u>1,522</u>
	<u><b>80,611</b></u>	<u>89,216</u>

**Based on maturity, the lease liabilities are classified in the statement of financial position**

Lease liabilities long term portion	<u><b>71,705</b></u>	<u>80,612</u>
Lease liabilities short term portion	<u><b>8,906</b></u>	<u>8,604</u>
	<u><b>80,611</b></u>	<u>89,216</u>

**QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.P.S.C.****NOTES TO THE FINANCIAL STATEMENTS**

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**6. LEASES (Continued)****Lease liabilities (continued)**

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

The movement in the lease liability is as follows:

	<b>2022</b>	2021
At January	<b>89,216</b>	99,221
Paid during the year	<b>(11,527)</b>	(11,527)
Interest charge during the year	<b>2,922</b>	1,522
At 31 December	<b>80,611</b>	89,216

The followings are the amount recognised in the statement of cash flows:

	<b>2022</b>	2021
<i>Cash flow from operating activities</i>		
Depreciation of right of use assets	<b>9,294</b>	9,293
Finance cost for the year	<b>2,922</b>	1,522
<i>Cash flow from financing activities</i>		
Repayment of lease liabilities	<b>11,527</b>	11,527

**7. INTANGIBLE ASSETS**

	<b>Patents and Know how</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost</b>			
At 31 December 2021	10,329,937	596,044	10,925,981
<b>At 31 December 2022</b>	<b>10,329,937</b>	<b>596,044</b>	<b>10,925,981</b>
<b>Accumulated Amortization</b>			
At 31 December 2021	-	596,044	596,044
<b>At 31 December 2022</b>	<b>-</b>	<b>596,044</b>	<b>596,044</b>
<b>Carrying amount</b>			
At 31 December 2022	<b>10,329,937</b>	-	<b>10,329,937</b>
At 31 December 2021	10,329,937	-	10,329,937

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 are being upgraded by the management to meet overall objective of the Company.

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**8. INVENTORIES**

	<u>2022</u>	<u>2021</u>
Trading stocks	<b>11,651,577</b>	12,367,021
Finished goods	<b>2,557,230</b>	3,499,210
Work in progress	<b>1,093,470</b>	962,150
Raw materials	<b>9,128,148</b>	7,699,594
Spare parts	<b>2,579,318</b>	2,453,283
Goods in transit	<b>491,950</b>	-
Consumables	<b>190,035</b>	193,107
	<b>27,691,728</b>	27,174,365
Less: provision for slow-moving and obsolete inventories (1)	<b>(109,471)</b>	(109,471)
	<b>27,582,257</b>	27,064,894

(1) The movements in the provision for slow-moving and obsolete inventories are as follows:

	<u>2022</u>	<u>2021</u>
At January	<b>109,471</b>	1,571,223
Reversal during the year	-	(1,461,752)
At 31 December	<b>109,471</b>	109,471

**9. ACCOUNTS AND OTHER RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Accounts receivable (1)	<b>32,173,793</b>	20,934,995
Advances to suppliers	<b>1,771,328</b>	3,535,249
Refundable deposits	<b>1,153</b>	495,465
Prepayments	<b>99,938</b>	14,152
Staff loans	<b>55,776</b>	72,758
Other receivables	<b>464,734</b>	65,426
	<b>34,566,722</b>	25,118,045
Provision for impairment of accounts receivable	<b>(3,841,166)</b>	(3,841,166)
	<b>30,725,556</b>	21,276,879

(1) This accounts includes outstanding receivable from one customer amounting to QR 2,576,786 which is outstanding for more than three years. The management is of the opinion that the balance is fully recoverable.



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**9. ACCOUNTS AND OTHER RECEIVABLES (Continued)**

	<u>2022</u>	<u>2021</u>
At 1 January	3,841,166	6,436,401
Reversal during the year	-	(2,595,235)
<b>At 31 December</b>	<b><u>3,841,166</u></b>	<b><u>3,841,166</u></b>

The aging of accounts receivable is as follows:

	<i>Total</i>	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>					<i>Credit impaired</i>
			<i>1 – 60 Days</i>	<i>61 – 90 Days</i>	<i>91 –180 Days</i>	<i>181-360 Days</i>	<i>360 + Days</i>	
<b>2022</b>	<b><u>28,332,627</u></b>	<b><u>22,501,710</u></b>	<b><u>472,316</u></b>	<b><u>651,976</u></b>	<b><u>950,371</u></b>	<b><u>28,744</u></b>	<b><u>7,568,676</u></b>	<b><u>(3,841,166)</u></b>
2021	17,093,829	8,568,893	2,877,692	1,180,528	770,796	405,837	7,131,249	(3,841,166)

**10. CASH AND BANK BALANCES**

	<u>2022</u>	<u>2021</u>
Cast at banks	6,324,075	5,191,520
Cash on hand	22,750	442
	<b><u>6,346,825</u></b>	<b><u>5,191,962</u></b>

**11. SHARE CAPITAL**

The capital is fixed for the amount of QR 115,500,000 divided into 115,500,000 shares. The value of each share is QR 1.

	<u>2022</u>		<u>2021</u>	
	<u>No. of shares</u>	<u>Amount</u>	<u>No. of shares</u>	<u>Amount</u>
Authorized, issued and fully paid				
115,500,000 shares of 1 QR each (Note 25)	<b><u>115,500,000</u></b>	<b><u>115,500,000</u></b>	<b><u>115,500,000</u></b>	<b><u>115,500,000</u></b>

**12. LEGAL RESERVE**

In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Articles of Association, an amount equal to 10% of the net profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Articles of Association. In accordance with its Articles of Association and statutory law requirements, the Company is transferring a specific percentage from their annual net profit to the legal reserve. No transfer was made since the Company incurred losses during the year.

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**13. SOCIAL AND SPORTS CONTRIBUTION FUND**

In accordance with Law No. 13 of 2008, the Company made an appropriation of profit of QR 31,102 (2021: QR 29,521) equivalents to 2.5% of the adjusted net profit relating to Qatar operations for the year for the support of sports and social activities.

**14. REVALUATION RESERVE**

The revaluation reserve amounting to QR 11,910,929 as at December 2022 (2021 : 11,999,694) relates to, the revaluation of building in previous years as owner-occupied building recognised in property plant and equipment.

At reporting there is no movement in the value of revaluation reserve as follows:

	<u>2022</u>	<u>2021</u>
At 1 January	<b>11,999,694</b>	11,999,694
Fair value changes	<b>616,645</b>	-
Transfer of depreciation	<b>(705,410)</b>	-
At 31 December	<b><u>11,910,929</u></b>	<u>11,999,694</u>

**15. BORROWINGS**

The borrowings are presented in the condensed statement of financial position as follows:

	<u>2022</u>			<u>2021</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Bank facilities	<b>52,373,230</b>	<b>92,488,710</b>	<b>144,861,940</b>	50,108,902	77,640,558	127,749,460
Bank overdraft	-	-	-	14,269,226	-	14,269,226
	<b><u>52,373,230</u></b>	<b><u>92,488,710</u></b>	<b><u>144,861,940</u></b>	<b><u>64,378,128</u></b>	<b><u>77,640,558</u></b>	<b><u>142,018,686</u></b>

(1) Bank loans pertain to the following:

	<u>2022</u>	<u>2021</u>
Document Credit facilities	<b>2,359,579</b>	2,341,320
Bank facilities	<b>142,502,361</b>	125,408,140
	<b><u>144,861,940</u></b>	<u>127,749,460</u>

**(a) Bank Facilities**

The Company obtained several bank loans, documentary credit, overdraft and bank guarantees facilities from Qatar National bank and Qatar Development bank for the purpose of warehouse construction and short-term working capital. The bank facilities had different rescheduling agreements during the previous years.

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**15. BORROWINGS (Continued)**

**(b) Details of bank facilities from Qatar Development bank**

The Company has obtained numerous facilities from Qatar Development Bank 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 in previous years by the Qatar Development bank frequently. Hence, during previous years, most of the above loans have been rescheduled with revised terms and conditions. However, until December 31, 2020, from the date when the above development bank disposed their ownership from the Company, the borrowings terms and conditions are generalized and the company shall be obligated to pay the borrowings as and when fall due. Hence, the borrowings are classified on absolute terms and conditions of loan agreements with the above development bank prevailing as at December 31, 2022.

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.

**(C) Details of collateral provided against the facilities:**

Based on the Mortgaged Contract with Qatar Development Bank (being a first beneficiary and major debt provider), the company's trade name, license, industrial registration, machinery and equipment including production lines, intangible assets including intellectual properties owned by the company have been pledged with Qatar Development Bank (QDB). The company's industrial registration has been notified to provide the above pledges.

Based on the Mortgaged Contract with the Qatar National Bank (being a second beneficiary and a lender), the company's right-to-use buildings, factory, machinery and equipment, tools, raw materials, finished goods and other related assets including license are pledged with the above commercial bank.

In addition to the above securities mentioned in the Mortgaged Contract, pursuant to the Master Bank Facility agreement, the followings are also pledged against borrowings:

- Assignment of insurance policies covering 100% of credit exposure from QDB.
- Assignment of certain customer contracts in favor of QDB to cover certain facility amount.

The Company has breached certain loan covenants which give the right to bank (QDB) to claim the full balance from the Company. The Company is in the process of negotiation with bank to take reschedule the loan and borrowing with the bank.

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**15. BORROWINGS (Continued)**

The movements of borrowings were as follows:

	<b>2022</b>	2021
At 1 January	<b>127,749,460</b>	141,480,315
Additions (2)	<b>4,225,718</b>	7,885,704
Restructuring of bank overdraft (1)	<b>14,269,226</b>	-
Repayments	<b>(3,855,076)</b>	(10,923,815)
Accrued interest	<b>3,787,227</b>	4,734,569
Interest paid	<b>(1,314,615)</b>	(1,158,087)
<b>At 31 December</b>	<b>144,861,940</b>	142,018,686

(1) During the year the bank overdraft facility with Qatar National Bank for which the interest rate was 6.25%, is converted to long term loan facility to be settled over 91 monthly installment amounting QR 200,000 ending 30/4/2030 and final installment with the remaining balance to be settled on 31/5/2030.

(2) During the year the company drew down from the existing letter of credit and document credit facilities for the purpose of importing raw material for production.

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

	<b>2022</b>	2021
At 1 January	<b>1,081,676</b>	973,031
Provided during the year	<b>198,876</b>	190,754
Paid during the year	<b>(325,455)</b>	(82,109)
<b>At 31 December</b>	<b>955,097</b>	1,081,676

Management has classified the obligation within non-current liability in the statement of financial position as it does not expect that there will be significant payments towards its employees' end of service benefits obligation within 12 months from the reporting date. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

**17. ACCOUNTS AND OTHER PAYABLES**

	<b>2022</b>	2021
Accounts payable	<b>9,856,165</b>	6,401,922
Advances from customers	<b>3,038,148</b>	3,091,613
Accruals	<b>312,683</b>	1,729,111
Dividend payable	<b>214,841</b>	214,841
Provision for leave salary and airfare	<b>72,644</b>	92,110
Retention payables	<b>99,858</b>	99,858
Provision for social and sports fund contribution	<b>31,102</b>	29,521
Other payables	<b>90,704</b>	36,158
	<b>13,716,145</b>	11,695,134



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**18. RELATED PARTY DISCLOSURES**

Related parties represent the major shareholders, directors and key management personnel of the Company and companies in which they are major owners. Pricing policies and terms of these transactions are approved by the Company's management.

***(a) Compensation to key management personnel***

The compensation to key management personnel for the year ended 31 December 2022 is QR 600,000 (31 2021: 600,000 QR) (Note 23).

**19. REVENUE**

a) The revenues type-wise consist of the following:

	<b>2022</b>	2021
Sales of syringes	<b>38,161,665</b>	33,094,288
Sale of trading products	<b>1,448,401</b>	5,078,874
Sales of packed needles	<b>300,139</b>	1,619,164
Sale of IV cannula and others	<b>2,745,488</b>	762,209
	<b>42,655,693</b>	40,554,535

b) Revenues by geographical location are as follows:

	<b>2022</b>	2021
Outside Qatar	<b>36,820,155</b>	27,015,269
Inside Qatar	<b>5,835,538</b>	13,539,266
	<b>42,655,693</b>	40,554,535

c) Revenues by customer are as follows:

	<b>2022</b>	2021
Corporate customers	<b>38,093,739</b>	28,190,747
Government customers	<b>4,561,954</b>	12,363,788
	<b>42,655,693</b>	40,554,535

The revenue is recognised at point in time.

**20. COST OF REVENUE**

	<b>2022</b>	2021
Cost of syringes	<b>25,260,928</b>	24,954,753
Cost of trading products	<b>679,498</b>	3,053,836
Cost of packed needles	<b>205,116</b>	1,157,027
Cost of IV cannula and others	<b>2,464,878</b>	497,231
Depreciation cost (Note 4)	<b>729,887</b>	935,608
	<b>29,340,307</b>	30,598,455

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**21. OTHER INCOME**

	<u>2022</u>	<u>2021</u>
Rental income (Note 5)	<b>2,430,000</b>	2,400,000
Reversal of provision for expected credit losses	-	2,595,235
Reversal of provision for slow moving inventories	-	1,461,752
Others	<b>89,918</b>	211,924
	<b><u>2,519,918</u></b>	<b><u>6,668,911</u></b>

**22. SELLING AND DISTRIBUTION EXPENSES**

	<u>2022</u>	<u>2021</u>
Freight charges and other distribution expenses	<b>616,127</b>	542,856

**23. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2022</u>	<u>2021</u>
Staff cost (1)	<b>2,649,849</b>	2,752,153
Legal and professional fees	<b>647,067</b>	511,251
Foreign exchange losses	<b>157,762</b>	212,887
Insurance	<b>148,297</b>	140,262
Office expenses	<b>114,201</b>	76,699
IT and communication	<b>47,374</b>	54,909
Repairs & Maintenance	<b>229,917</b>	317,609
Electricity and water	<b>292,397</b>	281,207
Depreciation of right-of-use-asset (Note 6)	<b>9,294</b>	9,293
Travelling expenses	<b>180,399</b>	16,312
Depreciation cost (Note 4)	<b>4,691,374</b>	4,468,523
Advertisements and business promotion	<b>266,442</b>	257,198
Inventories written off	-	67,451
Miscellaneous	<b>713,971</b>	954,547
	<b><u>10,148,344</u></b>	<b><u>10,120,301</u></b>

(1) This includes the managing Director remuneration amounting to QR 600,000 (2021 : QR 600,000).

**24. FINANCE COST**

	<u>2022</u>	<u>2021</u>
Interest on loans and borrowings	<b>3,135,448</b>	3,970,398
Interest on bank overdraft	<b>651,780</b>	764,171
Finance cost on lease liabilities	<b>2,922</b>	1,522
Other finance charges	<b>36,586</b>	44,915
	<b><u>3,826,736</u></b>	<b><u>4,781,006</u></b>

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**25. EARNINGS PER SHARE*****Basic and Diluted Earnings Per Share***

The basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

***Basic and Diluted Earnings Per Share***

	<u>2022</u>	<u>2021</u>
Profit attributable to ordinary shareholders of the Company	<u>1,244,097</u>	1,180,828
Weighted average number of ordinary shares outstanding (Note 11)	<u>115,500,000</u>	115,500,000
Basic and diluted earnings per share	<u>0.011</u>	0.010

**26. COMMITMENTS AND CONTINGENCIES**

The following summarizes the commitments and contingencies:

	<u>2022</u>	<u>2021</u>
Guarantees (1)	<u>1,339,154</u>	2,166,161
Guarantee cheques	<u>30,000</u>	16,153
Letter of Credit (2)	<u>554,757</u>	-
	<u>1,923,911</u>	2,182,314

(1) This represents the financial guarantees issued by the banks on behalf of the Company in the ordinary course of the business and will mature within twelve months from the reporting date.

(2) This represents the value of letter of credits issued by a local bank to overseas banks for the purchase of raw materials.

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**27. FAIR VALUE MEASUREMENT****FINANCIAL INSTRUMENTS***Accounting classification and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Fair value				
	Amortized cost	Level 1	Level 2	Level 3	Total
As at 31 December 2022					
Financial assets not measured at fair value					
Accounts and other receivables	30,725,556	-	-	-	-
Cash and bank balances	6,346,825	-	-	-	-
Financial liabilities not measured at fair value and amortized cost					
Borrowings	144,861,940	-	-	-	-
Accounts and other payables	13,716,145	-	-	-	-



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**27. FAIR VALUE MEASUREMENT (Continued)****FINANCIAL INSTRUMENTS (Continued)***Accounting classification and fair values (continued)*

	<i>Fair Values</i>				<i>Total</i>
	<i>Amortized cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
<i>As at 31 December 2021</i>					
<b>Financial assets not measured at fair value</b>					
Accounts and other receivables	21,276,879	-	-	-	-
Cash and bank balances	5,191,962	-	-	-	-
<b>Financial liabilities not measured at fair value and amortized cost</b>					
Borrowings	142,018,686	-	-	-	-
Accounts and other payables	11,695,134	-	-	-	-

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**27. FAIR VALUE MEASUREMENT (Continued)**

**INVESTMENT PROPERTIES**

		<i>Fair Values</i>			
	<i>Carrying amount</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>As at 31 December 2022</i>					
Investment properties	<u>12,590,000</u>	<u>-</u>	<u>12,590,000</u>	<u>-</u>	<u>12,590,000</u>
Property, plant and equipment – building	<u>35,694,600</u>	<u>-</u>	<u>35,694,600</u>	<u>-</u>	<u>35,694,600</u>
<i>As at 31 December 2021</i>					
Investment properties	<u>12,590,000</u>	<u>-</u>	<u>12,590,000</u>	<u>-</u>	<u>12,590,000</u>
Property, plant and equipment - building	<u>36,984,036</u>	<u>-</u>	<u>36,984,036</u>	<u>-</u>	<u>36,984,036</u>

**Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values as at 31 December 2022 and 2021 for assets and liabilities measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

<i>Type</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Inter-relationship between significant unobservable inputs and fair value measurement</i>
Investment property and building under property, plant and equipment.	<i>Market approach:</i> The fair values are calculated as derived from the current market prices available for the properties or nearby / adjacent properties adjusted for any differences with the comparable properties.	Not applicable	Not applicable

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**28. COMPARATIVE INFORMATION**

Certain changes in the classification of accounts and accordingly, to the supporting note disclosures have been made to the previous year financial statements to confirm to the current year's financial statements' presentation.

The reclassification did not materially affect previously reported profit.

<b>statement of comprehensive income</b>	<b>As previously reported 31 December 2021</b>	<b>Adjustments</b>	<b>As reclassified 31 December 2021</b>
General and administrative expenses	5,385,287	4,735,014	10,120,301
Cost of revenue	29,662,847	935,608	30,598,455
Selling and distribution expenses	800,054	(257,198)	542,856
Depreciation	5,413,424	(5,413,424)	-

The presentation and classification of items in the financial statements shall be retained from one period to the next unless a change in presentation including the reclassification of comparative figures provides more reliable and relevant information to the users of the financial statements. The reclassifications of comparative figures did not affect the previously reported results of operations and equity.

**29. FINANCIAL RISKS AND CAPITAL MANAGEMENT*****Financial risks***

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting. Financial risk comprises credit risks and liquidity risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

**a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial assets. The objective of market risks management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company has a set of acceptable parameters, based on value at risk, that may be accepted and which is monitored on a regular basis.

***Currency risk***

Currency risk is the risk that the value of a financial assets and liabilities will fluctuate due to a change in foreign exchange rates. The Company is not exposed to significant foreign exchange risk as it primarily transacts in Qatar Riyal which is the Company's functional currency. As the Qatari Riyals is pegged to the US Dollar, balances in US Dollar are not considered to represent a significant currency risk.

***Interest rate risk***

Interest rate risk is the risk that the Company's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Company is not exposed to significant interest rate risk since it has no interest-bearing financial instruments.

***Equity price risk***

The Company has no listed equity securities, thus, it is not susceptible to market price risk arising from uncertainties about future values of the investment securities.

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**29. FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)*****Financial risks (continued)*****b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is as indicated by the carrying amounts of its financial assets which consist principally of accounts and other receivables, due from related parties and cash at bank. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Credit evaluations are performed on all customers requiring credit and are approved by the Company's management.

Below table summarises the maximum exposure of the Company equal to the carrying amounts of these financial assets are as follows:

	<u>2022</u>	<u>2021</u>
Accounts and other receivable	<b>30,725,556</b>	21,276,879
Cash at bank	<b>6,346,825</b>	5,191,962
	<u><b>37,072,381</b></u>	<u>26,468,841</u>

***Accounts and other receivables***

The Company limits its exposure to credit risk from these financial assets by evaluating the creditworthiness of each counter - party prior to entering into contracts; establishing sale limits for each counter-party which are reviewed regularly; and periodically reviewing the collectability of its receivables for identification of any impaired amounts.

***Cash at bank***

The Company's cash at bank are held with a credit worthy and reputable bank. As a result, management believes that the credit risk in respect of its cash at bank is minimal.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk 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, and to keep the balance between the continuous and the flexibility of financing.

	<u>2022</u>		
	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
Dividend payable	<b>214,841</b>	-	-
Accounts and other payables	<b>10,463,156</b>	-	-
Loans and borrowings	<b>52,373,230</b>	-	<b>92,488,710</b>
Lease liabilities	<b>8,906</b>	<b>71,705</b>	-
	<u><b>63,060,133</b></u>	<u><b>71,705</b></u>	<u><b>92,488,710</b></u>
			<u><b>155,620,548</b></u>



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**29. FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)****b) Liquidity risk (continued)**

	2021			
	Less than 1 year	1-2 years	2-5 years	Total
Dividend payable	214,841	-	-	214,841
Accounts and other payables	8,388,680	-	-	8,388,680
Loans and borrowings	50,108,902	-	77,640,558	127,749,460
Overdraft	14,269,226	-	-	14,269,226
Lease liabilities	8,604	89,216	-	97,820
	<u>72,990,253</u>	<u>89,216</u>	<u>77,640,558</u>	<u>150,720,027</u>

***Capital management***

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital, which the Company defines as total equity is measured as at surplus QR 34,409,773 as at 31 December 2022 (2021: QR 32,661,133).

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners, or increase capital. No changes were made in the objectives, policies or process during the years 2022 and 2021.

**30. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

In preparing these financial statements, the Board has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas that involve higher degree of judgment or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements are as follows:

***Going concern***

The Company had accumulated losses of QR 123,594,187 and its current liabilities exceeded its current assets by QR 1,443,643 as at reporting date. Furthermore, as disclosed in Note 15 to the financial statements, the Company has breached certain loan covenants. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about on the Company's ability to continue as a going concern. However, the management strongly believes that the Company has the capability to continue in business for at least next twelve months from the reporting date and it has the ability settle its financial obligations when they fall due as the Company has history of profits and continues to be profitable. Further, the Company has history of positive cash flows and continues to generate sufficient cash to sustain its operations and is continuously generating higher operating revenues every year. The Company confirms that it has no intention to liquidate or cease the operations of the Company for at least next twelve months from the reporting date and it has future plans of borrowing additional funds, restructuring its debt and reduce or delay its expenditures. Therefore, these financial statements continue to be prepared on a going concern basis.

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### **30. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)**

#### ***Useful lives of right-of-use assets, intangible assets and property, plant and equipment***

The Company's management determines the estimated useful lives of its right-of-use assets, intangible assets and property, plant and equipment in order to calculate the depreciation and the amortization. This estimate is determined after considering the expected usage of the asset and intangibles, physical wear and tear, technical

or commercial obsolescence. The Company's management reviews the residual value and useful lives annually and future depreciation and amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

#### ***Valuation of lease liabilities and right-of-use assets***

The application of IFRS 16 requires the Company to make judgments and estimates that affect the valuation of the lease liabilities and right-of-use assets. These include determining the contracts in scope of IFRS 16, determining the contract term and the finance cost rate used for discounting of future cash flows.

The lease term determined by the Company comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

For lease contracts with indefinite term, the Company estimates the length of the contract to be equal to the estimated useful life of non-current assets located in the leased physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of right-of-use assets.

The present value of the lease payment is determined using the discount rate representing the rate of finance cost rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Company's rating, observed in the period when the lease contract commences or is modified.

#### ***Fair value measurement of investment properties and building***

The Company carries its investment properties and building under property, plant and equipment at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Company engages independent external valuers to determine the fair value. The valuers used recognised valuation techniques such as market comparable approach.

#### ***Distinction between property and equipment and investment properties***

The Company determines whether a property qualifies as an investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment or owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

#### ***Impairment of non-financial assets***

The carrying amounts of the Company's non-financial assets right-of-use assets, intangible assets, property, plant and equipment, but not inventories and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires significant judgement. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets.

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#### **30. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)**

##### ***Business model assessment***

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how group of financial assets are managed together to achieve a particular business objective. This is assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of Company's continuous assessment

of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes required during the year.

##### ***Impairment of receivables***

The expected credit loss (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Provision for slow-moving and obsolete inventories

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

##### ***Legal proceedings***

The Company is subject to legal proceedings in which the ultimate outcome of each being always subject to many uncertainties inherent in litigation. The management applies significant assumptions in measuring the risks of exposure to contingent liabilities and provisions related to existing legal proceedings and other unsettled claims. The management's judgment is required in estimating the probability of a successful claim against the Company or crystallizing of a material obligation, and in determining the probable amount of the final settlement or obligation. The Company makes provisions against legal cases for all present obligations based on their prior experience on similar cases and advice sought from the legal advisers.

##### ***Provision for employees' end of service benefits***

Management has measured the Company's obligation for the post-employment benefits of its employees based on the provisions of the Qatar Labour Law No. 14 of 2004. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in the statement of comprehensive income.

##### ***Other provisions and liabilities***

Other provisions and liabilities are recognised in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the

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**30. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)**

application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognised provision or liability would result in a charge or credit to the statement of comprehensive income in the period in which the change occurs.

**31. SUBSEQUENT EVENTS**

There were no significant subsequent events which have a bearing on the understanding of this financial statements.