

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

FINANCIAL STATEMENTS

31 DECEMBER 2015

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Qatari German Company for Medical Devices Q.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance and cash flows for the year ended 31 December 2015 in accordance with International Financial Reporting Standards.

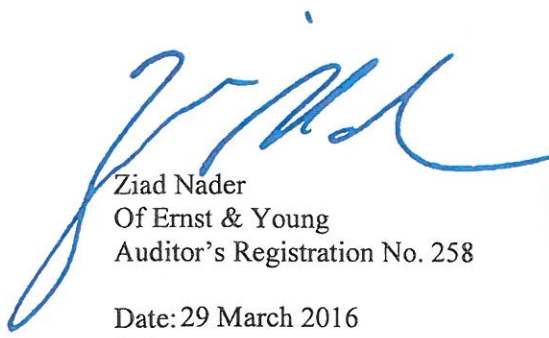
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C. (CONTINUED)**

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.1 in the financial statements which indicates that the Company incurred a net loss of QR 11,425,278 during the year ended 31 December 2015 and, as of date the Company's current liabilities exceeded its current assets by QR 29,082,489. These conditions, along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore that it may be unable to realise its assets and liabilities in the normal course of business. The financial statements are prepared on the basis that the Company will continue to be a going concern.

Report on legal and other requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Company, an inventory count has been conducted in accordance with the established principles, and the financial statements comply with Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Company or on its financial position as at 31 December 2015.


Ziad Nader
Of Ernst & Young
Auditor's Registration No. 258

Date: 29 March 2016
Doha



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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 QR	2014 QR (As restated)
Revenues	3	16,412,886	15,826,056
Direct costs	4	(14,893,962)	(16,748,786)
Gross profit (loss)		1,518,924	(922,730)
Other income		308,049	377,097
Change in fair value of investment properties	9	1,191,071	2,076,220
Selling and distribution expenses	5	(2,360,355)	(2,738,886)
General and administrative expenses	6	(8,002,768)	(8,932,526)
Operating loss		(7,345,079)	(10,140,825)
Finance cost	7	(4,080,199)	(3,184,383)
Loss for the year		(11,425,278)	(13,325,208)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(11,425,278)	(13,325,208)
Basic and diluted earnings per share	20	(0.99)	(1.15)


The attached notes 1 to 27 form part of these financial statements.

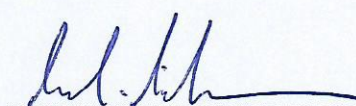
Qatari German Company for Medical Devices Q.S.C.

STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 QR	2014 QR (As restated)	2013 QR (As restated)
ASSETS				
Non-current assets				
Property, plant and equipment	8	138,267,920	137,414,578	137,147,456
Investment properties	9	12,590,000	8,757,200	630,000
Intangible assets	10	28,087,761	28,206,970	28,326,179
		<u>178,945,681</u>	<u>174,378,748</u>	<u>166,103,635</u>
Current assets				
Inventories	11	18,930,798	21,601,153	19,099,182
Trade and other receivables	12	13,748,538	13,399,497	7,416,446
Bank balances and cash	13	741,049	148,656	1,817,819
		<u>33,420,385</u>	<u>35,149,306</u>	<u>28,333,447</u>
TOTAL ASSETS		<u>212,366,066</u>	<u>209,528,054</u>	<u>194,437,082</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	14	115,500,000	115,500,000	115,500,000
Legal reserve	15	30,343,120	30,343,120	30,343,120
Revaluation reserve	16	11,999,694	11,999,694	11,999,694
Accumulated losses		(54,439,412)	(43,014,134)	(29,688,926)
Total equity		<u>103,403,402</u>	<u>114,828,680</u>	<u>128,153,888</u>
Liabilities				
Non-current liabilities				
Employees' end-of-service benefits	17	761,699	675,874	534,889
Loans and borrowings	18	45,698,091	37,544,599	36,737,542
		<u>46,459,790</u>	<u>38,220,473</u>	<u>37,272,431</u>
Current liabilities				
Loans and borrowings	18	43,067,499	34,223,035	15,883,741
Accounts payable and accruals	19	5,075,244	7,553,296	3,245,658
Bank overdrafts	13	14,360,131	14,702,570	9,881,364
		<u>62,502,874</u>	<u>56,478,901</u>	<u>29,010,763</u>
Total liabilities		<u>108,962,664</u>	<u>94,699,374</u>	<u>66,283,194</u>
TOTAL EQUITY AND LIABILITIES		<u>212,366,066</u>	<u>209,528,054</u>	<u>194,437,082</u>


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


 Fadi Abu Hijleh
 Board Member

The attached notes 1 to 27 form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Revaluation reserve QR</i>	<i>Accumulated losses QR</i>	<i>Total QR</i>
At 1 January 2014, as previously reported	115,500,000	30,343,120	42,261,396	(10,628,428)	177,476,088
Correction of error (Note 26)	-	-	(30,261,702)	(19,060,498)	(49,322,200)
At 1 January 2014 (<i>Restated</i>)	115,500,000	30,343,120	11,999,694	(29,688,926)	128,153,888
Loss for the year (<i>Restated</i>)	-	-	-	(13,325,208)	(13,325,208)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year (<i>Restated</i>)	-	-	-	(13,325,208)	(13,325,208)
At 31 December 2014	115,500,000	30,343,120	11,999,694	(43,014,134)	114,828,680
Loss for the year	-	-	-	(11,425,278)	(11,425,278)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(11,425,278)	(11,425,278)
At 31 December 2015	115,500,000	30,343,120	11,999,694	(54,439,412)	103,403,402

The attached notes 1 to 27 form part of these financial statements.

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 QR	2014 QR (As restated)
OPERATING ACTIVITIES			
Loss for the year		(11,425,278)	(13,325,208)
Adjustments for:			
Change in fair value of investment properties	9	(1,191,071)	(2,076,220)
Finance cost	7	4,080,199	3,184,383
Depreciation and amortization	8 and 10	3,082,827	3,087,865
Write-off of inventories	6	867,115	-
Provision and write-off of financial assets	6	3,464	349,572
Provision for employees' end of service benefits	17	210,697	252,402
Provision for slow-moving inventories	6	49,866	61,182
Write-off of property, plant and equipment	8	16,487	-
Operating loss before working capital changes		(4,305,694)	(8,466,024)
Working capital changes:			
Inventories		1,753,374	(2,563,153)
Accounts and other receivables		(352,505)	(6,332,623)
Accounts payable and accruals		(2,478,052)	4,307,638
Cash used in operating activities		(5,382,877)	(13,054,162)
Employees' end of service benefit paid	17	(124,872)	(111,417)
Net cash flows used in operating activities		(5,507,749)	(13,165,579)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(3,833,447)	(9,286,758)
Purchase of investment properties	9	(2,641,729)	-
Net cash flows used in investing activities		(6,475,176)	(9,286,758)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	18	15,923,344	23,674,675
Repayments of loans and borrowings	18	(925,386)	(5,403,340)
Finance cost paid		(2,080,201)	(2,309,367)
Net cash flows from financing activities		12,917,757	15,961,968
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		934,832	(6,490,369)
Cash and cash equivalents at 1 January	13	(14,553,914)	(8,063,545)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	(13,619,082)	(14,553,914)

The attached notes 1 to 27 form part of these financial statements.

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

1 CORPORATE INFORMATION

Qatari German Company for Medical Devices Q.S.C. (the “Company”) is a Qatari Shareholding Company incorporated in the State of Qatar by virtue of Emiri Decree No. 39 issued on 15 October 2000, under the Commercial Registration No. 23349 dated 10 February 2001 and is currently listed on Qatar Exchange. The Company’s registered office is located at P.O. Box 22556, Doha, State of Qatar and the principal place of business is in Abu Hammour, Doha, Qatar.

The principal activity of the Company is to manufacture single use disposable syringes and trading in medical equipment, tools and supplies.

These financial statements of the Company for the year ended 31 December 2015 were authorized for issue by the Board of Directors on 29 March 2016.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Going concern

The Company incurred a net loss for the year ended 31 December 2015 of QR 11,425,278 (2014: QR 13,325,208) and, as of that date, its current liabilities exceeded its current assets by QR 29,082,489 (2014: QR 21,329,595). The Company continues to incur losses.

These conditions give rise to a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern and, therefore that it may be unable to realise its assets and liabilities in the normal course of business.

The directors are in the final stages of negotiations with its major shareholder to restructure its loans to the Company in favor of other creditors until the assets of the Company, fairly valued, exceed its liabilities. The management is also taking measures of improving its operations within the next five years.

The financial statements are prepared on the basis that the Company will continue to be a going concern. This basis of preparation presumes that the Company will continue to receive the support of the shareholders and will realise its assets and discharge its liabilities in the ordinary course of business.

2.2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015.

The financial statements are prepared under the historical cost convention, except for the following which are measured at fair value:

- investment properties, and
- land and building

The methods used to measure fair values are discussed further in Note 24. The financial statements are presented in Qatari Riyal (“QR”), which is the Company’s functional and presentational currency.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The following new or amended standards became effective in 2015 and have been adopted where relevant to the Company:

Defined Benefit Plans: Employee Contributions (Amendment to IAS 19)
Annual Improvements 2010 - 2012 Cycle
Annual Improvements 2011 - 2013 Cycle

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

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

2.4 Standards, amendments and interpretation issued but not yet effective

The following new accounting standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

IFRS 9	- Financial Instruments (Effective 1 January 2018)
IFRS 14	- Regulatory Deferral Accounts (Effective 1 January 2016)
IFRS 15	- Revenue from Contracts with Customers (Effective 1 January 2017)
Amendments to IFRS 11	
Joint Arrangements	- Accounting for Acquisition of Interests (Effective 1 January 2016)
Amendments to IAS 16 and IAS 38	- Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
Annual Improvements	- 2012-2014 Cycle (Effective 1 January 2016)
Amendments to IAS 1	- Disclosure Initiative (Effective 1 January 2016)
Amendments to IFRS 10, IFRS 12 and IAS 28	- Investment Entities: Applying the Consolidation Exception (Effective 1 January 2016)
IFRS 16	- Leases (Effective 1 January 2019)

The Company is considering the implications of these standards, the impact on the financial statements and the timing of its adoption.

2.5 Summary of significant accounting policies

Property, plant and equipment

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

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

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

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

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

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

Buildings	30 years
Machinery and equipment	On the basis of utilization
Motor vehicles	5 years
Furniture, fixtures and equipment	5 years
Computer and software	3 years

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

Investment property

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance held for will lead to future economic benefits, are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses. Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2.5 Summary of significant accounting policies (continued)

Intangible assets (continued)

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

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

The intangible asset with an indefinite useful life should not be amortised and the useful life of such an asset should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate. An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

Inventories

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

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2.5 Summary of significant accounting policies (continued)

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets comprise of cash and cash equivalents, trade receivables, staff receivable and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the subsequent paragraph:

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consists of cash on hand, bank balances and bank overdrafts.

Trade and other receivables

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- 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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2.5 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include loans and borrowings, bank overdrafts, trade and other payables.

Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

Loans and borrowings

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

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

Share capital

Ordinary shares

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

Provisions

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

Offsetting of financial instruments

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2.5 Summary of significant accounting policies (continued)

Provision for employees' end of service benefits

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

Revenue recognition

Revenue from sale of goods

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

Rental income

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

Lease

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

Company as lessee

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

Earnings per share

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

Foreign currency transactions

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

Events after reporting date

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2.6 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables

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

Revaluation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2015 for investment properties. It measures investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Impairment of property, plant and equipment

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

Impairment of investment properties

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market price less incremental costs for disposing the asset.

3 REVENUES

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Sale of syringes	12,031,324	11,908,414
Sale of trading products	2,668,656	1,499,461
Sale of packed needles	985,524	906,683
Sale of IV cannula	<u>727,382</u>	<u>1,511,498</u>
	<u>16,412,886</u>	<u>15,826,056</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

4 DIRECT COSTS

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Cost of syringes	11,093,605	13,111,813
Cost of trading products	1,659,464	994,772
Cost of packed needles	1,570,974	1,120,702
Cost of IV cannula	569,919	1,521,499
	<u>14,893,962</u>	<u>16,748,786</u>

5 SELLING AND DISTRIBUTION EXPENSES

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Freight charges for sales	1,170,535	925,401
Commissions	528,627	834,289
Advertisements and business promotions	428,353	530,858
Others	232,840	448,338
	<u>2,360,355</u>	<u>2,738,886</u>

6 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Salaries and wages	3,867,960	3,864,528
Write-off of inventories (Note 11)	867,115	-
Depreciation (Note 8)	733,184	617,416
Repairs and maintenance	616,657	1,309,369
Legal and professional fees	616,601	391,465
Foreign exchange losses	235,262	217,352
Travel	186,471	266,031
Utilities	180,099	208,133
Amortisation (Note 10)	119,209	119,209
Rent	90,876	824,160
Office expenses	80,939	106,588
Insurance	52,752	62,890
Patent and renewal costs	51,342	73,891
Provision for slow moving inventories (Note 11)	49,866	61,182
IT and communication	42,175	96,152
Impairment loss (Note 12)	3,464	109,751
Write-off of receivables	-	239,821
Miscellaneous	208,796	364,588
	<u>8,002,768</u>	<u>8,932,526</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

7 FINANCE COSTS

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Bank charges and commission	330,154	213,755
Interest expense	<u>3,750,045</u>	<u>2,970,628</u>
	<u>4,080,199</u>	<u>3,184,383</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings QR</i>	<i>Machinery and equipment QR</i>	<i>Motor vehicles QR</i>	<i>Furniture, fixtures and equipment QR</i>	<i>Computer and software QR</i>	<i>Capital work-in- progress QR</i>	<i>Total QR</i>
Cost:							
At 1 January 2015	57,182,447	89,119,248	244,500	2,025,153	717,191	2,128,921	151,417,460
Additions	-	51,840	-	149,585	18,585	3,613,437	3,833,447
Transfers from capital-work-in-progress	-	4,063,097	-	-	-	(4,063,097)	-
Disposals	-	-	(39,000)	-	-	-	(39,000)
Write-off	-	-	-	(126,742)	(62,447)	-	(189,189)
At 31 December 2015	<u>57,182,447</u>	<u>93,234,185</u>	<u>205,500</u>	<u>2,047,996</u>	<u>673,329</u>	<u>1,679,261</u>	<u>155,022,718</u>
Accumulated depreciation:							
At 1 January 2015	6,855,839	5,381,586	160,133	1,129,743	475,581	-	14,002,882
Charge for the year	1,906,082	627,974	25,700	278,968	124,894	-	2,963,618
Relating to disposals	-	-	(39,000)	-	-	-	(39,000)
Relating to write-off	-	-	-	(112,652)	(60,049)	-	(172,702)
At 31 December 2015	<u>8,761,921</u>	<u>6,009,560</u>	<u>146,833</u>	<u>1,296,059</u>	<u>540,426</u>	<u>-</u>	<u>16,754,798</u>
Net carrying amounts:							
At 31 December 2015 (As restated)	<u>48,420,526</u>	<u>87,224,625</u>	<u>58,667</u>	<u>751,937</u>	<u>132,903</u>	<u>1,679,261</u>	<u>138,267,920</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Buildings QR</i>	<i>Machinery and equipment QR</i>	<i>Motor vehicles QR</i>	<i>Furniture, fixtures and equipment QR</i>	<i>Computer and software QR</i>	<i>Capital work-in- progress QR</i>	<i>Total QR</i>
Cost:							
At 1 January 2014	56,552,447	89,115,130	194,500	1,732,358	548,586	38,661	148,181,682
Additions	-	4,118	50,000	292,795	168,605	8,771,240	9,286,758
Transfers to investment property (Note 9)	-	-	-	-	-	(6,680,980)	(6,680,980)
Transfers from investment property	630,000	-	-	-	-	-	630,000
At 31 December 2014	57,182,447	89,119,248	244,500	2,025,153	717,191	2,128,921	151,417,460
Accumulated depreciation:							
At 1 January 2014	4,960,257	4,632,820	136,933	893,691	410,525	-	11,034,226
Charge for the year	1,895,582	748,766	23,200	236,052	65,056	-	2,968,656
At 31 December 2014	6,855,839	5,381,586	160,133	1,129,743	475,581	-	14,002,882
Net carrying amounts:							
At 31 December 2014 (<i>As restated</i>)	50,326,608	83,737,662	84,367	895,410	241,610	2,128,921	137,414,578

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Buildings QR</i>	<i>Machinery and equipment QR</i>	<i>Motor vehicles QR</i>	<i>Furniture, fixtures and equipment QR</i>	<i>Computer and software QR</i>	<i>Capital work-in- progress QR</i>	<i>Total QR</i>
Cost:							
At 1 January 2013	54,133,447	89,115,130	342,500	1,592,112	512,023	-	145,695,212
Additions	7,000	-	-	152,093	70,278	965,216	1,194,587
Transfer from investment property (Note 9)	2,412,000	-	-	-	-	-	2,412,000
Write-off	-	-	-	(11,847)	(33,715)	(330,511)	(376,073)
Transfer to intangible assets (Note 10)	-	-	-	-	-	(596,044)	(596,044)
Disposals	-	-	(148,000)	-	-	-	(148,000)
At 31 December 2013	<u>56,552,447</u>	<u>89,115,130</u>	<u>194,500</u>	<u>1,732,358</u>	<u>548,586</u>	<u>38,661</u>	<u>148,181,682</u>
Accumulated depreciation:							
At 1 January 2013	3,115,657	3,938,541	269,231	753,838	338,038	-	8,415,305
Charge for the year	1,844,600	694,279	15,702	151,700	106,202	-	2,812,483
Write-off	-	-	-	(11,847)	(33,715)	-	(45,562)
Disposals	-	-	(148,000)	-	-	-	(148,000)
At 31 December 2013	<u>4,960,257</u>	<u>4,632,820</u>	<u>136,933</u>	<u>893,691</u>	<u>410,525</u>	<u>-</u>	<u>11,034,226</u>
Net carrying amounts:							
At 31 December 2013 (<i>As restated</i>)	<u>51,592,190</u>	<u>84,482,310</u>	<u>57,567</u>	<u>838,667</u>	<u>138,061</u>	<u>38,661</u>	<u>137,147,456</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Direct cost	2,230,434	2,351,240
General and administrative expenses (Note 6)	733,184	617,416
	<u>2,963,618</u>	<u>2,968,656</u>

Notes:

- i. The Company has signed a lease contract on 1 July 2001 with the Ministry of Municipal Affairs and Agriculture with an annual lease rental of QR 11,527 for a period of 30 years. As per the lease contract, the renewal of the lease contract at the end of lease period is subject to mutual agreement by the both parties and also the present value of minimum lease payments is not substantially all of the fair value at the inception of the lease. Further, the lease is for a period of 30 years which is not the majority of the life of land and there is no ownership transfer at the end of 30 years to the Company. The Company is not entitled to exercise a purchase option at the end of the lease period. These factors indicate that the lease is an operating lease.

However, the management is of the view that the risk and rewards of the leased land will be transferred to the Company at the end of the lease period based on subsequent discussions with the Ministry of Municipality and Urban Planning and have also sent a request letter to the Ministry to confirm the same. The management expects that the final decision on the transfer of the ownership of the land will be finalized in 2016.

- ii. In 2007, the Company has revalued its leased land, buildings and machinery and equipment with the assistance of a qualified external valuer to reflect the current market value of these assets which resulted to a revaluation gain reflected in the revaluation reserve under equity. Subsequently, in year 2013, the management has decided to change its accounting policy for machinery and equipment from revaluation model to cost model to provide a reliable and more relevant financial information. Management believes that the carrying value of buildings recorded in property, plant and equipment equals to its fair values.
- iii. There were no transfers from investment property to property, plant and equipment due to change in use to owner-occupied property as at 31 December 2015 (2014: land and building amounting to QR 678,133 and QR 630,000, respectively).
- iv. In 2015, the Board of Directors resolved to reverse all transactions relating to the capitalisation of leasehold land. As such, the leasehold land amounting to QR 23.5 million and its related revaluation reserve amounting to QR 30.2 million has been removed from the books (see Note 26).
- v. The encumbrances on the property, plant and equipment are disclosed in Note 18.

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

9 INVESTMENT PROPERTIES

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>	<i>2013</i> <i>QR</i>
At 1 January	8,757,200	630,000	3,042,000
Additions	2,641,729	-	-
Transfers from property, plant and equipment(Note 8)	-	6,680,980	-
Transfer to property, plant and equipment (Note 8)	-	(630,000)	(2,412,000)
Change in fair values	1,191,071	2,076,220	-
At 31 December (As restated)	12,590,000	8,757,200	630,000

The Company's investment properties consist of a portion of the Company's land and building rented to an external party. The profit arising from investment properties carried at fair value amounts to QR 200,000 for the year ended 31 December 2015 (2014: QR 115,500).

In 2014, the transfers from property, plant and equipment pertains to investment properties under development for rental to external party. On September 2015, the Company entered an operating lease agreement to an external party commencing on December 2015 with a monthly rental of QR 200,000.

In 2015, the Board of Directors resolve to reverse all transactions relating to the leasehold land recognised by the Company as an investment property. As such, the leasehold land amounting to QR 26.3 million and its related fair value gain recognised in the Company's accumulated losses amounting to QR 19.5 million has been removed from the books (see Note 26).

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

10 INTANGIBLE ASSETS

	<i>Patents and know-how</i> <i>QR</i>	<i>Computer software</i> <i>QR</i>	<i>Total</i> <i>QR</i>
Cost:			
At 31 December 2015	<u>27,799,673</u>	<u>596,044</u>	<u>28,395,717</u>
Accumulated amortisation:			
At 1 January 2015	-	188,747	188,747
Charge for the year (Note 6)	<u>-</u>	<u>119,209</u>	<u>119,209</u>
At 31 December 2015	<u>-</u>	<u>307,956</u>	<u>307,956</u>
Net carrying amounts			
At 31 December 2015	<u>27,799,673</u>	<u>288,088</u>	<u>28,087,761</u>

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

10 INTANGIBLE ASSETS (continued)

	<i>Patents and know-how QR</i>	<i>Computer software QR</i>	<i>Total QR</i>
Cost:			
At 31 December 2014	<u>27,799,673</u>	<u>596,044</u>	<u>28,395,717</u>
Accumulated amortisation:			
At 1 January 2014	-	69,538	69,538
Charge for the year (Note 6)	<u>-</u>	<u>119,209</u>	<u>119,209</u>
At 31 December 2014	<u>-</u>	<u>188,747</u>	<u>188,747</u>
Net carrying amounts			
At 31 December 2014	<u><u>27,799,673</u></u>	<u><u>407,297</u></u>	<u><u>28,206,970</u></u>

11 INVENTORIES

	<i>2015 QR</i>	<i>2014 QR</i>
Raw materials	10,257,532	12,119,190
Work-in-progress	2,073,011	2,213,258
Finished goods	4,765,242	4,336,113
Spare parts	2,544,311	2,496,259
Consumables	243,144	324,097
	19,883,240	21,488,917
Less: Provision for slow-moving inventories (Note 6)	(154,986)	(105,120)
Write-off of inventories	(867,115)	-
	18,861,139	21,383,797
Goods in transit	69,659	217,356
	18,930,798	21,601,153

The movements in allowance for slow-moving inventories are as follows:

	<i>2015 QR</i>	<i>2014 QR</i>
At January	105,120	43,938
Provisions during the year (Note 6)	49,866	61,182
	154,986	105,120

During the year, the Company have identified inventories amounting to QR 627,472 which are damaged, near expiry and expired which is not saleable to customers. However, the management decided not to write-off those inventories as this can be re-evaluated for any rework for a possibility that can be use in the production of finished goods.

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

12 TRADE AND OTHER RECEIVABLES

	2015 QR	2014 QR
Trade receivables	12,708,377	9,839,648
Advances to suppliers	1,021,652	2,966,275
	13,730,029	12,805,923
Allowance for impairment	(84,860)	(109,751)
	13,645,169	12,696,172
Prepayments	73,543	351,898
Other receivables	29,826	351,427
	13,748,538	13,399,497

Trade receivables and advances to suppliers are non-interest bearing. Movements in the allowance for impairment loss were as follows:

	2015 QR	2014 QR
At 1 January	109,751	28,216
Provided during the year	3,464	109,751
Reversals / written-off	(28,355)	(28,216)
At 31 December	84,860	109,751

The total allowance for impairment loss includes impairment of trade receivables and advances to suppliers amounting to QR 6,927 and QR 77,933, respectively, (2014: QR 3,464 and QR 106,287, respectively). As at the reporting date, the ageing of unimpaired trade receivables and advances to suppliers are as follows:

	Total QR	Neither past due nor impaired QR	Past due but not impaired					
			< 90 days QR	91 – 180 days QR	181 – 360 days QR	361 – 540 days QR	541 – 720 days QR	> 720 days QR
2015	13,645,169	4,045,329	2,278,827	2,730,633	1,092,530	3,497,850	2,956,165	135,343
2014	12,696,172	3,517,984	1,608,474	1,577,696	3,055,359	2,850,176	29,983	56,500

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

13 CASH AND CASH EQUIVALENTS

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

	2015 QR	2014 QR
Bank balances	727,600	138,951
Cash on hand	13,449	9,705
	741,049	148,656
Bank overdrafts	(14,360,131)	(14,702,570)
	(13,619,082)	(14,553,914)

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

14 SHARE CAPITAL

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
<i>Authorised, issued and fully paid-up capital:</i>		
11,550,000 shares of QR 10 each contributed	<u>115,500,000</u>	<u>115,500,000</u>

15 LEGAL RESERVES

The legal reserve is maintained in compliance with the provisions of Qatar Commercial Companies Law No. 11 of 2015 which requires the Company to transfer 10% of the net profit to the legal reserve until the reserve equals 50% of the share capital. No such transfer was made by the Company during the year as the Company incurred a loss during the year (2014: Nil). The reserve is not available for distribution except in the manner stated in the above law.

16 REVALUATION RESERVE

The revaluation reserve relates to the revaluation of land and buildings as owner-occupied recognized in property, plant and equipment (Note 8).

17 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognized in the statement of financial position are as follows:

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
At 1 January	675,874	534,889
Provided during the year	210,697	252,402
End of service benefits paid	<u>(124,872)</u>	<u>(111,417)</u>
At 31 December	<u>761,699</u>	<u>675,874</u>

18 LOANS AND BORROWINGS

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Term loan	63,278,766	56,335,808
Documentary credit facility	<u>25,486,824</u>	<u>15,431,826</u>
	<u>88,765,590</u>	<u>71,767,634</u>

Presented in the statement of financial position as follows:

Current liabilities	43,067,499	34,223,035
Non-current liabilities	<u>45,698,091</u>	<u>37,544,599</u>
	<u>88,765,590</u>	<u>71,767,634</u>

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

18 LOANS AND BORROWINGS (continued)

Movements in the loans and borrowings are as follows:

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
At 1 January	71,767,635	52,621,283
Loan obtained during the year	15,923,344	23,674,675
Loan paid during the year	(925,386)	(5,403,340)
Interest accrued (net of payment)	1,999,997	875,016
At 31 December	<u>88,765,590</u>	<u>71,767,634</u>

Details of loans and borrowings are as follows:

<i>Loan category</i>	<i>Facility outstanding amount</i>		<i>Year of maturity</i>	<i>Interest rate</i>	<i>Purpose of the facility</i>
	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>			
Term loan	39,989,331	36,125,077	April 2022	3.50%	Re-scheduling of the existing facility and financing for warehouse construction and purchase for machineries obtained from Qatar Development Bank, a related party
Term loan	10,229,036	9,829,368	June 2016	3.50%	Facility for working capital, however, restructured to term loan obtained from Qatar Development Bank, a related party
Term loan	5,200,101	4,996,743	September 2016	3.50%	Re-scheduling of the existing facility for working capital obtained from Qatar Development Bank, a related party
Term loan	3,758,639	3,613,178	August 2019	5%	Re-scheduling of the existing facility for warehouse construction obtained from Qatar National Bank
Term loan	4,101,660	1,771,442	January 2023	3.50%	Financing of machinery purchases obtained from Qatar Development Bank, a related party
Documentary credit facility	8,683,212	7,975,678	November 2019	5%	Re-scheduling and increase in the existing facility for working capital obtained from Qatar National Bank
Documentary credit facility	7,319,447	7,456,148	January 2017	3.5%	Financing of working capital obtained from Qatar Development Bank, a related party
Documentary credit facility	5,417,776	-	December 2016	3.5%	Financing of working capital obtained from Qatar Development Bank, a related party
Documentary credit facility	2,562,553	-	November 2016	3.5%	Financing of working capital obtained from Qatar Development Bank, a related party
Documentary credit facility	1,503,835	-	December 2016	3.5%	Financing for warehouse construction obtained from Qatar Development Bank, a related party
	<u>88,765,590</u>	<u>71,767,634</u>			

During the year, Qatar National Bank was no longer a related party with the Company. The Company's loans and borrowings are secured against specific property, plant and equipment of the Company (Note 8).

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STATEMENT OF CASH FLOWS

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19 TRADE AND OTHER PAYABLES

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Trade payables	2,268,740	4,725,432
Retention payable	511,381	662,232
Accrued expenses	1,860,674	1,605,433
Dividend payable	215,891	215,891
Other payables	218,558	344,308
	<u>5,075,244</u>	<u>7,553,296</u>

20 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i> <i>(As restated)</i>
Loss for the period	<u>(11,425,278)</u>	<u>(13,325,208)</u>
Weighted average number of shares outstanding during the year	<u>11,550,000</u>	<u>11,550,000</u>
Basic and diluted earnings per share (QR)	<u>(0.99)</u>	<u>(1.15)</u>

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

21 SEGMENT INFORMATION

For management purposes, the Company is organized into one business unit based on its nature of activities, as the Company's operations pertain only to the manufacturing of disposable syringes. Decisions about resource allocation and monitoring of performance are based on the single business unit identified by the management.

The Company does not have any foreign operations as of the reporting period end (31 December 2014: None).

22 RELATED PARTY DISCLOSURES

Related parties consist of major shareholders, related companies and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related party transactions included in the statement of comprehensive income for the period are as follows:

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Finance costs (Note 7)	<u>3,750,045</u>	<u>2,970,022</u>
<i>General and amortisation expenses:</i>		
Bank charges and commission (Note 7)	<u>330,154</u>	<u>213,755</u>

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22 RELATED PARTY DISCLOSURES (CONTINUED)

Compensation of key management personnel

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

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Salaries and other short-term benefits	473,387	515,727
End of service benefits	12,565	16,137
	<u>485,952</u>	<u>531,864</u>

Related party balances

The payables to related parties pertain to the loans and borrowings of the Company as disclosed in Note 18. These amounts are secured by the assets owned by the Company, with interests based on prevailing market rates and settlement normally occurs in cash.

23 COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure commitments

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Estimated capital expenditures contracted for at the end of the reporting period, but not provided for	<u>2,000,000</u>	<u>4,000,000</u>

As at 31 December 2015, the Company has no unutilized portion of the loan available for asset finance (2014: QR 8,910,418).

Operating lease commitments

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Future minimum lease payments:		
Not later than one year	11,527	11,527
Later than one year and not later than five years	46,108	46,108
Later than five years	121,034	132,561
	<u>178,669</u>	<u>190,196</u>

Contingent liabilities

	<i>2015</i> <i>QR</i>	<i>2014</i> <i>QR</i>
Letters of credit	2,304,268	1,963,331
Guarantees (tenders, performance bonds and miscellaneous)	2,553,551	2,086,983
	<u>4,857,819</u>	<u>4,050,314</u>

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

24 CLASSIFICATION AND FAIR VALUES

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties on an arm's length basis. The accompanying financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investment properties.

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

Fair value hierarchy

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2015	<i>Level 3</i> <i>QR</i>	<i>Total</i> <i>QR</i>
Investment properties	<u>12,590,000</u>	<u>12,590,000</u>
2014	<i>Level 3</i> <i>QR</i>	<i>Total</i> <i>QR</i>
Investment properties	<u>8,757,200</u>	<u>8,757,200</u>

For the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

25 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

Credit risk

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

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Trade and other receivables

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

Bank balances

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

Exposure to credit risk

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

	<i>Carrying amounts</i>	
	<i>2015</i>	<i>2014</i>
	<i>QR</i>	<i>QR</i>
Trade receivables	12,701,450	9,836,184
Other receivables	29,826	351,427
Bank balances	727,600	138,951
	13,458,876	10,326,562

Market risk

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

Currency risk

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

Interest rate risk

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

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

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was disclosed in Note 18.

Liquidity risk

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

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25 FINANCIAL RISK MANAGEMENT (continued)

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

31 December 2015	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>1 to 5 years QR</i>	<i>>5 years QR</i>	<i>Total QR</i>
Loans and borrowings	23,985,614	20,717,128	39,997,845	10,511,194	95,211,782
Trade payables	1,769,749	394,201	104,790	-	2,268,740
Retention payable	-	511,381	-	-	511,381
Other payables	218,558	-	-	-	218,558
Bank overdraft	14,360,131	-	-	-	14,360,131
	<u>40,334,052</u>	<u>21,622,710</u>	<u>40,102,635</u>	<u>10,511,194</u>	<u>112,570,592</u>
 31 December 2014	 <i>Less than 3 months QR</i>	 <i>3 to 12 months QR</i>	 <i>1 to 5 years QR</i>	 <i>>5 years QR</i>	 <i>Total QR</i>
Loans and borrowings	19,913,779	15,966,908	33,188,710	8,817,524	77,886,921
Trade payables	3,706,255	1,019,177	-	-	4,725,432
Retention payable	-	662,232	-	-	662,232
Other payables	344,308	-	-	-	344,308
Bank overdraft	14,702,570	-	-	-	14,702,570
	<u>38,666,912</u>	<u>17,648,317</u>	<u>33,188,710</u>	<u>8,817,524</u>	<u>98,321,463</u>

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes as of and during the years ended 31 December 2015 and 31 December 2014. Capital comprises share capital, reserves and accumulated losses, and is measured at QR 103,403,402 as at 31 December 2015 (2014: QR 114,828,680).

26 CORRECTION OF ERROR

26.1 Reversal of land-related transactions

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

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

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26 CORRECTION OF ERROR (CONTINUED)

26.1 Reversal of land-related transactions (continued)

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

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

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

26.2 Correction of error on absorption costing

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

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

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

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

27 RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the presentation in the current period's financial statements. However, such reclassifications did not have any effect on the previously reported loss for the period or equity, other than those as a result of the matter disclosed in Note 26.