

**QATARI GERMAN COMPANY FOR
MEDICAL DEVICES Q.S.C.
INTERIM CONDENSED FINANCIAL STATEMENTS
AND
REPORTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
INTERIM CONDENSED FINANCIAL STATEMENTS AND REPORTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

Contents	Page(s)
Independent auditor's review report	1
Interim condensed statement of financial position	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of changes in equity	4
Interim condensed statement of cash flows	5
Notes to the financial statements	6 - 17





SK/RP/AU/1208069

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS OF
QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.**

Report on the Interim Condensed Financial Statements

We have reviewed the accompanying interim condensed financial statements of Qatari German Company for Medical Devices (the Company), which comprise the condensed statement of financial position as at 30 June 2012, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the 6 months period ended 30 June 2012 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Interim condensed Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared in all respects, in accordance with International Accounting Standard no. 34, "Interim Financial Reporting".

Other matters

The condensed interim financial statements of the Company as at 30 June 2011 were reviewed and the financial statements as at 31 December 2011 were audited by another auditor, where reports dated 02 August 2011 and 31 March 2011 respectively, expressed unqualified review and audit opinion on those financial statements.

**Place: Doha, Qatar
Date: 13 August 2012**

**Sohila Mohammed Hasan
Reg. No: 214**

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012


	Note	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Assets			
Non-current assets			
Property, plant & equipment	4	152,732,087	143,270,603
Investment property	5	22,876,734	22,876,734
Intangible assets	6	27,799,673	27,799,673
Advance against purchase of property, plant & equipment	7	10,095,805	14,320,416
Total non-current assets		<u>213,504,299</u>	<u>208,267,426</u>
Current assets			
Inventory	8	11,564,580	10,475,798
Trade and other receivables	9	5,296,397	1,889,193
Cash and cash equivalents	10	869,433	3,835,732
Total current assets		<u>17,730,410</u>	<u>16,200,723</u>
Total assets		<u>231,234,709</u>	<u>224,468,149</u>
Shareholder's equity & liabilities			
Shareholder's equity			
Share capital	11	115,500,000	115,500,000
Legal reserve		30,343,120	30,343,120
Revaluation reserve	12	51,576,449	51,791,442
Retained earnings		97,147	3,317,238
Total shareholders' equity		<u>197,516,716</u>	<u>200,951,800</u>
Non-current liability			
Borrowings	13	28,301,004	19,357,822
Provision for employees' end of service benefits	14	660,715	617,339
Total non-current liability		<u>28,961,719</u>	<u>19,975,161</u>
Current liability			
Borrowings	13	2,059,137	2,145,495
Trade and other payables	15	2,697,137	1,395,693
Total current liability		<u>4,756,274</u>	<u>3,541,188</u>
Total liabilities		<u>33,717,993</u>	<u>23,516,349</u>
Total shareholders' equity and liabilities		<u>231,234,709</u>	<u>224,468,149</u>

The accompanying notes on pages 6 to 17 form an integral part of these condensed interim financial statements.

The review report of the independent auditor is set forth on page 1.

Authorised for issue by the Board of Directors on 13 August 2012.

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


Abdulaziz Nasser M. N. Al-Khalifa
Chairman of the Board of Directors
Place: Doha, Qatar


Fareeda Ali Abulfath
Vice Chairman

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

		<u>6 months</u> <u>period ended</u> <u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 months</u> <u>period ended</u> <u>30-06-2011</u> <u>(Reviewed)</u> <u>QAR</u>
Revenue		5,730,858	4,235,483
Direct cost		(5,517,589)	(4,021,120)
Gross profit		<u>213,269</u>	<u>214,363</u>
Other income	16	176,807	216,489
Employee costs	17	(1,450,906)	(617,888)
Other operating expenses		(1,450,006)	(1,203,712)
Depreciation	4	(143,649)	(277,224)
Loss from operating activities		<u>(2,654,485)</u>	<u>(1,667,972)</u>
Finance cost		(780,599)	(448,190)
Loss for the period		<u>(3,435,084)</u>	<u>(2,116,162)</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>(3,435,084)</u>	<u>(2,116,162)</u>
Basic earnings per share (Note 18)		(0.30)	(0.18)

The accompanying notes on pages 6 to 17 form an integral part of these condensed interim financial statements.

The review report of the independent auditor is set forth on page 1.

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>
Balance as on 31 December 2010 (Audited)	115,500,000	30,304,101	52,175,667	2,581,843	200,561,611
Profit for the year	-	-	-	390,189	390,189
Transfer to legal reserve	-	39,019	-	(39,019)	-
Transfer from revaluation reserve	-	-	(384,225)	384,225	-
Balance as on 31 December 2011 (Audited)	115,500,000	30,343,120	51,791,442	3,317,238	200,951,800
Loss for the period	-	-	-	(3,435,084)	(3,435,084)
Transfer from revaluation reserve	-	-	(214,993)	214,993	-
Balance as at 30 June 2012 (Reviewed)	115,500,000	30,343,120	51,576,449	97,147	197,516,716

The accompanying notes on pages 6 to 17 form an integral part of these condensed interim financial statements.
The review report of the independent auditor is set forth on page 1.



QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

	<u>6 months</u> <u>period ended</u> <u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 months</u> <u>period ended</u> <u>30-06-2011</u> <u>(Reviewed)</u> <u>QAR</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Total comprehensive income for the period	(3,435,084)	(2,116,162)
Adjustments for :		
Depreciation	1,012,220	781,361
Provision for employees' end of service benefits	84,793	70,821
Finance cost	780,599	448,190
Operating cash flow before changes in working capital	<u>(1,557,471)</u>	<u>(815,790)</u>
Increase in inventory	(1,088,782)	(413,504)
Increase in trade and other receivables	(3,407,204)	(166,048)
Increase in trade and other payables	1,301,444	836,047
Increase in borrowings	1,296,591	2,458,411
Cash (used)/generated in operating activities	<u>(3,455,422)</u>	<u>1,899,116</u>
Employees end of service benefits paid	(41,417)	(23,320)
Net cash (used)/generated in operating activities (A)	<u>(3,496,839)</u>	<u>1,875,796</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(94,647)	(133,424)
Additions to intangible assets	-	(410,557)
Advance for purchase of property, plant & equipment	(6,154,447)	(3,269,292)
Net cash used in investing activities (B)	<u>(6,249,094)</u>	<u>(3,813,273)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net movement in term loan	8,943,182	(2,409,188)
Finance cost	(780,599)	(448,190)
Net cash (used)/generated from financing activities (C)	<u>8,162,583</u>	<u>(2,857,377)</u>
Net decrease in cash and cash equivalents (A+B+C)	(1,583,350)	(4,794,854)
Cash and cash equivalents at the beginning of the period	1,699,077	9,124,566
Cash and cash equivalents at the end of the period	<u><u>115,727</u></u>	<u><u>4,329,712</u></u>

Note : The cash and cash equivalents at the beginning of the period has been arrived at, by deducting the balance of bank overdraft.

The accompanying notes on pages 6 to 17 form an integral part of these condensed interim financial statements.

The review report of the independent auditor is set forth on page 1.



QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

1. GENERAL INFORMATION

Qatari German Company for Medical Devices Q.S.C (the Company) is a Qatari Shareholding Company incorporated in Doha, Qatar by virtue of Emiri Decree no. 39 issued on 15 October 2000, under the Commercial Registration no. 23349 and is currently listed on Qatar Exchange. The registered address of the Company is P.O Box 22556, Doha, Qatar and principal place of business is Doha, Qatar.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial information for six months period ended 30 June 2012 is prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting. They do not include all the information and disclosures required for full annual financial statements. The interim condensed financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended 31 December 2011. In addition, the Company's interim condensed financial statements are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The financial statements have been prepared under the historical cost basis. The financial statements are presented in Qatari Riyals (QAR), unless otherwise stated, and all values are rounded to the nearest QAR.

2.2 Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2011.

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

4. PROPERTY, PLANT & EQUIPMENT

	<u>Leasehold land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Furniture, fixtures and equipment</u>	<u>Computer and software</u>	<u>Capital work- in-progress</u>	<u>Total</u>
	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>
Cost								
As at 31 December 2010 (Audited)	27,296,000	49,296,743	64,014,532	264,000	941,896	264,351	191,725	142,269,247
Additions during the year	-	-	171,523	-	46,089	96,289	-	313,901
Transfers	-	4,836,704	8,607,633	-	181,825	47,693	(191,725)	13,482,130
Transfer to investment properties	(7,235,690)	-	-	-	-	-	-	(7,235,690)
Disposals during the year	-	-	-	-	(9,709)	-	-	(9,709)
As at 31 December 2011 (Audited)	20,060,310	54,133,447	72,793,688	264,000	1,160,101	408,333	-	148,819,879
Additions during the period	-	-	-	-	54,149	40,498	-	94,647
Transfers from advances against purchase of property, plant & equipment	-	-	10,379,058	-	-	-	-	10,379,058
Written off during the period	-	-	-	-	(229)	-	-	(229)
As at 30 June 2012 (Reviewed)	20,060,310	54,133,447	83,172,746	264,000	1,214,021	448,831	-	159,293,355
Accumulated depreciation								
As at 31 December 2010 (Audited)	-	1,651,329	1,112,978	249,200	695,645	190,452	-	3,899,604
Charge for the year	-	751,809	685,247	14,798	138,349	69,178	-	1,659,381
Adjustment for disposal of assets	-	-	-	-	(9,709)	-	-	(9,709)
As at 31 December 2011 (Audited)	-	2,403,138	1,798,225	263,998	824,285	259,630	-	5,549,276
Charge for the period	-	428,147	469,129	-	71,721	43,224	-	1,012,220
Adjustment for disposal of assets	-	-	-	-	(229)	-	-	(229)
As at 30 June 2012 (Reviewed)	-	2,831,285	2,267,354	263,998	895,777	302,854	-	6,561,267
Net book amount								
As at 30 June 2012 (Reviewed)	20,060,310	51,302,162	80,905,392	2	318,244	145,977	-	152,732,087
As at 31 December 2011 (Audited)	20,060,310	51,730,309	70,995,463	2	335,816	148,703	-	143,270,603

4. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

- a) During the year 2007, the Company has revalued its assets by an independent valuer. The increase due to revaluation has been added to cost of the assets and subsequently, the revaluation reserve thereof is classified as a separate component of the shareholder's equity.
- b) Leasehold land represents the value of the property and right to use the leased land, on which the buildings are erected.
- c) Machinery and equipments costing QAR. 9,436,284 have not been depreciated till date, since these assets have not been put to use.
- d) Depreciation for the period has been allocated in the statement of comprehensive income as follows:

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u> <u>QAR</u>
Direct cost	868,571
Indirect cost	143,649
Total	<u>1,012,220</u>

5. INVESTMENT PROPERTIES

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Building property in Abu Hamour - Doha	5,774,194	5,774,194
Land in Abu Hamour - Doha	17,102,540	17,102,540
	<u>22,876,734</u>	<u>22,876,734</u>

5. INVESTMENT PROPERTIES (CONTINUED)

The movement during the year is as follows:

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Opening balance	22,876,734	5,774,194
Transferred from property, plant and equipment	-	7,235,690
Fair value adjustment on investment properties	-	9,866,850
Closing balance	<u>22,876,734</u>	<u>22,876,734</u>

6. INTANGIBLE ASSETS

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
<u>Patents and know-how</u>		
Opening balance	27,799,673	29,356,575
Additions during the period	-	410,557
	<u>27,799,673</u>	<u>29,767,132</u>
Impaired intangible assets written off to income statement	-	(1,967,459)
Closing balance	<u>27,799,673</u>	<u>27,799,673</u>

a) During the year ended December 31, 2007 the Company acquired the full rights for the use of the patents and know how without any limitations from Mr. Seikmann on a further payable amount of Euro 900,000. This payment has been made in January 2008 by taking a loan from Qatar National Bank. The patents now belong to the Company with full rights. All the expenses related to development and acquisition of patents and know-how have been included in the cost of patents and know-how.

b) The patents now belong to the Company and have an infinite life. The management of the Company believes that there has been no impairment on the cost of the patents and know-how as of the reporting date.

7. ADVANCE AGAINST PURCHASE OF PROPERTY, PLANT & EQUIPMENT

During the year 2009, the Board of Directors took a decision to expand the operations of the Company by introducing a new product line. Accordingly plant and machinery, factory premises and other necessary infrastructures were modified. Some of those machineries and equipment received are under commissioning as of the reporting date.

The aforesaid expansion plan is still under progress as at the reporting date and all the capital expenditures incurred for purchase of machineries and other directly arributable expenses have been classified in this account.

The movement in this account is as follows:

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Opening balance	14,320,416	25,299,813
Current year advance payments	6,154,447	3,402,547
Transfer to property, plant & equipment	(10,379,058)	(14,381,944)
Closing balance	<u>10,095,805</u>	<u>14,320,416</u>

8. INVENTORY

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Raw materials	6,082,622	6,525,280
Finished goods	2,495,294	1,112,020
Spare parts	2,883,040	2,759,245
Consumables	103,624	79,253
	<u>11,564,580</u>	<u>10,475,798</u>

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

9. TRADE & OTHER RECEIVABLES

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Trade receivables	4,587,493	1,563,105
Pre-payments	428,778	289,837
Advance to suppliers	253,902	26,627
Other receivables	26,224	9,624
	<u>5,296,397</u>	<u>1,889,193</u>

An age analysis of trade receivables that were past due but not impaired is as follows:

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Outstanding for 30 - 60 days	1,042,010	499,704
Outstanding for 61 - 90 days	1,168,891	14,840
Outstanding for 91 - 120 days	656,064	566,248
Outstanding for more than 120 days	230,836	293,480
	<u>3,097,801</u>	<u>1,374,272</u>

Trade receivables which were neither past due nor impaired are QAR. 1,489,692
(Previous year: QAR. 188,833)

10. CASH & CASH EQUIVALENTS

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Cash in hand	14,993	4,004
Cash at bank:		
<i>Current and call accounts</i>	854,440	809,689
<i>Fixed deposit account</i>	-	3,022,039
	<u>869,433</u>	<u>3,835,732</u>

Cash and cash equivalents at the end of the reporting period as shown in the condensed statement of financial position, can be reconciled to the related items in the interim condensed statement of cash flows as follows:

Cash and cash equivalents	869,433
Bank Overdraft	<u>(753,706)</u>
	<u>115,727</u>

QATARI GERMAN COMPANY FOR MEDICAL DEVICES Q.S.C.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

11. SHARE CAPITAL

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Issued and fully paid	<u>115,500,000</u>	<u>115,500,000</u>

Ordinary shares of 11,550,000 (2011: 11,550,000) of QAR. 10 each

The authorised capital of the Company comprises of 11,550,000 shares of QAR. 10 each

12. REVALUATION RESERVE

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Opening balance	51,791,442	52,175,667
Utilised during the period	(214,993)	(384,225)
Closing balance	<u>51,576,449</u>	<u>51,791,442</u>

The revaluation reserve was created on revaluation of machinery & equipments and buildings.

13. BORROWINGS

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
<i>Non-current liability:</i>		
Term loan	28,301,004	19,357,822
<i>Current liability:</i>		
Documentary credit facility / Trust receipt loan	1,132,054	-
Bank overdraft	753,706	2,136,655
Credit card payable	5,530	8,840
Interest payable to bank	167,847	-
	<u>30,360,141</u>	<u>21,503,317</u>



13. BORROWINGS (CONTINUED)

The Company has entered into a loan agreement for refinancing its existing facilities with Qatar Development Bank, a related party, for an amount of QAR. 32.6 million term loan and QAR. 9 million revolving loan, on 23 February 2012, to finance the establishment of industrial plant at Abu Hamour. The Company has also entered into a pledge agreement on 29 February 2012, to pledge all the assets of the Company for the purpose of this loan facility. The interest rate for the total loan facility is 3.5% per annum and the repayment commences after 3 years grace period. In addition, the Company has pledged these assets as a secondary mortgage for the facility availed from Qatar National Bank, for an amount of QAR. 19 million.

14. PROVISION FOR EMPLOYEES END OF SERVICE BENEFIT

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Opening balance	617,339	516,686
Provision for the period	84,793	129,908
Paid during the period	(41,417)	(29,255)
Closing balance	<u>660,715</u>	<u>617,339</u>

Provision for the period has been allocated in the statement of comprehensive income as follows:

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u>
Direct cost	26,592
Indirect cost	58,201
Total	<u>84,793</u>

15. TRADE & OTHER PAYABLES

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Trade payables	2,082,583	891,135
Dividend payable	215,891	216,166
Accrued expenses	149,130	93,141
Other payables	249,533	195,251
	<u>2,697,137</u>	<u>1,395,693</u>

16. OTHER INCOME

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 month</u> <u>period ended</u> <u>30 June 2011</u> <u>(Reviewed)</u> <u>QAR</u>
Rent	90,000	115,000
Interest	9,476	64,490
Foreign exchange gain	77,331	36,999
	<u>176,807</u>	<u>216,489</u>

17. EMPLOYEE COSTS

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 month</u> <u>period ended</u> <u>30 June 2011</u> <u>(Reviewed)</u> <u>QAR</u>
Salaries and wages	1,217,210	306,935
End of service benefits (Note 14)	58,201	42,697
Other employee costs	175,495	268,256
	<u>1,450,906</u>	<u>617,888</u>

18. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by weighted average number of ordinary shares outstanding as at the reporting date. The basic and diluted earnings per share are the same as there are no diluted effects on earnings. Since the Company has incurred a loss for the period, its has a negative earnings per share.

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 month</u> <u>period ended</u> <u>30 June 2011</u> <u>(Reviewed)</u> <u>QAR</u>
Loss for the period	(3,435,084)	(2,116,162)
Weighted average number of shares	11,550,000	11,550,000
Earnings per share of QAR. 10 each	(0.30)	(0.18)

19. RELATED PARTY DISCLOSURES

Related parties include the shareholders, key management personnel, fellow subsidiaries, associates, joint ventures, directors and entities which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence. Balances and transactions between the Company and its related parties are described below. Transactions with related parties were entered into on terms as agreed by the management.

During the period, the Company had transactions in the ordinary course of business with some of its shareholders. These transactions were substantially on the same terms, including interest rates, as those prevailing in comparable transactions with unrelated parties.

The transactions with related parties during the year are as follows:

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 month</u> <u>period ended</u> <u>30 June 2011</u> <u>(Reviewed)</u> <u>QAR</u>
Interest	544,658	414,216
Bank charges and commission	235,940	33,974
	<u>780,598</u>	<u>448,190</u>
Key Management Personnel Remuneration, allowance and fees	<u>360,437</u>	<u>360,437</u>

The compensation of key management for the period is shown below:

	<u>6 month</u> <u>period ended</u> <u>30 June 2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>6 month</u> <u>period ended</u> <u>30 June 2011</u> <u>(Reviewed)</u> <u>QAR</u>
Short-term benefits	347,499	347,499
Post-employment benefits	12,938	12,938
	<u>360,437</u>	<u>360,437</u>

The following balances were outstanding at the end of the reporting period:

	<u>30-06-2012</u> <u>(Reviewed)</u> <u>QAR</u>	<u>31-12-2011</u> <u>(Audited)</u> <u>QAR</u>
Due to related parties included in borrowings (Note 13)	<u>30,360,141</u>	<u>21,503,317</u>

20. COMMITMENTS AND CONTINGENCIES

Except the on-going services commitments in the normal course of business against which no loss is expected, and the contingent liabilities and capital commitments that are mentioned below, there has been no other known contingent liability or capital commitment on the Company's account.

20.1 Operating lease arrangements

The Company had entered into a lease agreement for the land at Abu hamour on 01 July 2001. The lease has a life of 30 years. The Company does not have an option to purchase the leased property at the expiry of the lease period.

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Lease that expires not later than 1 year	11,527	11,527
Lease that expires later than 1 year but not later than 5 years	46,108	46,108
Lease that expires later than 5 years	161,378	167,142
	<u>219,013</u>	<u>224,777</u>

20.2 Contingent liability

As of the reporting date following contingent liabilities were outstanding;

	<u>30-06-2012</u>	<u>31-12-2011</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QAR</u>	<u>QAR</u>
Letter of credit	-	1,184,773
Letter of credit - Usance	6,251,522	9,486,892
Guarantees (Tender, Performance and miscellaneous)	1,507,219	744,699
	<u>7,758,741</u>	<u>11,416,364</u>

21. SEGMENT INFORMATION

For management purpose, the company is organized into one primary segment and operates in the State of Qatar.

22. COMPARATIVE FIGURES

Previous period figures with respect to current assets, non-current liability, current liability, direct costs and employee costs have been reclassified/ regrouped as follows as it is considered that the revised classification/ grouping, which has been adopted in the current accounting period, more fairly presents the state of affairs/ results of operations.

	<u>Amount</u>	<u>Reclassified from</u>	<u>Reclassified to</u>
	<u>QAR</u>	<u>QAR</u>	<u>QAR</u>
<i>Current assets</i>			
Trade and other receivables	1,889,193	-	1,889,193
Accounts receivable	1,563,105	1,563,105	-
Prepayments and other debit balances	326,088	326,088	-
<i>Non-current liability</i>			
Borrowings	19,357,822	-	19,357,822
Term loan- non-current portion	19,357,822	19,357,822	-
<i>Current liability</i>			
Borrowings	2,145,495	-	2,145,495
Due to bank	2,145,495	2,145,495	-
Direct costs	456,332	3,564,788	4,021,120
Employee costs	(456,332)	1,074,220	617,888