

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

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

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Independent auditors' report on review of condensed interim financial statements

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

Introduction

We have reviewed the accompanying 30 June 2013 condensed interim financial statements of Qatari German Company for Medical Devices Q.S.C. ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2013;
- the condensed statement of comprehensive income for the six month period ended 30 June 2013;
- the condensed statement of changes in equity for the six month period ended 30 June 2013;
- the condensed statement of cash flows for the six month period ended 30 June 2013; and
- notes to the condensed interim financial statements.

The management of the Company is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the 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 condensed interim financial statements as at 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter

The condensed interim financial statements as at and for the six month period ended 30 June 2012 and for the year ended 31 December 2012 were reviewed and audited by another auditor who had issued their review and audit report on 13 August 2012 and 11 February 2013 respectively. Their review report dated 13 August 2012 expressed an unqualified conclusion on those condensed interim financial statements and their audit report dated 11 February 2013 expressed a qualified opinion on those financial statements.

31 July 2013
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 251

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

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

In Qatari Riyals

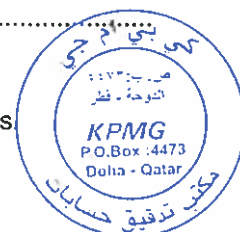
	Note	30 June 2013 Reviewed	31 December 2012 Audited (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	165,792,541	166,356,446
Investment properties	5	28,796,206	25,741,377
Intangible assets	6	28,385,783	27,799,673
Total non-current assets		<u>222,974,530</u>	<u>219,897,496</u>
Current assets			
Inventories		16,428,751	13,193,911
Trade and other receivables		7,946,701	7,044,874
Cash and cash equivalents		2,167,502	406,813
Total current assets		<u>26,542,954</u>	<u>20,645,598</u>
TOTAL ASSETS		<u>249,517,484</u>	<u>240,543,094</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		115,500,000	115,500,000
Legal reserve		30,343,120	30,343,120
Revaluation reserve		51,296,275	51,427,996
Accumulated loss		(4,899,805)	(2,881,772)
Total equity		<u>192,239,590</u>	<u>194,389,344</u>
Non-current liabilities			
Employees' end of service benefits		680,804	582,934
Borrowings	7	33,830,032	32,330,032
Total non-current liabilities		<u>34,510,836</u>	<u>32,912,966</u>
Current liabilities			
Borrowings	7	14,942,998	10,003,900
Trade and other payables		4,088,348	2,957,135
Bank overdraft		3,735,712	279,749
Total current liabilities		<u>22,767,058</u>	<u>13,240,784</u>
Total liabilities		<u>57,277,894</u>	<u>46,153,750</u>
TOTAL EQUITY AND LIABILITIES		<u>249,517,484</u>	<u>240,543,094</u>

These condensed interim financial statements were approved by the Board of Directors and signed on their behalf by the following on 31 July 2013.


Abdulaziz Nasser M. N. Al-Khalifa
 Chairman of the Board of Directors


Fareeda Ali Abul Fath
 Vice Chairman

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2013 Reviewed	2012 Reviewed
Revenue		5,108,207	5,730,858
Direct cost		<u>(3,840,844)</u>	<u>(5,517,589)</u>
Gross profit		1,267,363	213,269
Other income		103,105	176,807
Change in fair value of investment property	5	3,054,829	-
Selling and distribution expenses		(886,240)	(660,632)
General and administrative expenses		(4,583,296)	(2,383,929)
Finance cost		<u>(1,105,515)</u>	<u>(780,599)</u>
Loss for the period		(2,149,754)	(3,435,084)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(2,149,754)</u>	<u>(3,435,084)</u>
Basic earnings per share		<u>(0.19)</u>	<u>(0.30)</u>

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.



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

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

	Share capital	Legal reserve	Revaluation reserve	Retained earnings / (accumulated loss)	Total
Balance as at 1 January 2012 (audited)	115,500,000	30,343,120	51,791,442	3,317,238	200,951,800
Prior year adjustment (restatement) - note 11	-	-	-	(1,834,852)	(1,834,852)
Restated balance as at 1 January 2012	115,500,000	30,343,120	51,791,442	1,482,386	199,116,948
Total comprehensive income for the period	-	-	-	(3,435,084)	(3,435,084)
Loss for the period	-	-	-	(3,435,084)	(3,435,084)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(3,435,084)	(3,435,084)
Transfer from revaluation reserve	-	-	(214,993)	214,993	-
Balance at 30 June 2012 (reviewed)	115,500,000	30,343,120	51,576,449	(1,737,705)	195,681,864
Balance as at 1 January 2013 (Restated)	115,500,000	30,343,120	51,427,996	(2,881,772)	194,389,344
Total comprehensive income for the period	-	-	-	(2,149,754)	(2,149,754)
Loss for the period	-	-	-	(2,149,754)	(2,149,754)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(2,149,754)	(2,149,754)
Transfer from revaluation reserve	-	-	(131,721)	131,721	-
Balance as at 30 June 2013 (Reviewed)	115,500,000	30,343,120	51,296,275	(4,899,805)	192,239,590

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.



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

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2013 Reviewed	2012 Reviewed
Cash flow from operating activities			
Loss for the period		(2,149,754)	(3,435,084)
Adjustments for:			
Depreciation and amortization		641,878	1,012,221
Change in fair value of investment property		(3,054,829)	-
Write off		40,968	-
Provision for employees' end of service benefits		123,019	84,793
Finance cost		1,105,515	780,599
Operating loss before working capital changes		(3,293,203)	(1,557,471)
Changes in inventories		(3,234,840)	(1,088,782)
Changes in trade and other receivables		(901,827)	(3,407,204)
Changes in trade and other payable		1,131,213	1,301,444
Cash used in operating activities		(6,298,657)	(4,752,013)
Employees' end of service benefit paid		(25,149)	(41,417)
Interest paid		(1,105,515)	(780,599)
Net cash used in operating activities		(7,429,321)	(5,574,029)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(705,051)	(94,647)
Advance for purchase of property, plant and equipment		-	(6,154,447)
Net cash used in investing activities		(705,051)	(6,249,094)
Cash flows from financing activities			
Net movement in term loans		6,439,098	10,239,773
Net cash from financing activities		6,439,098	10,239,773
Net decrease in cash and cash equivalents		(1,695,274)	(1,583,350)
Cash and cash equivalents at 1 January		127,064	1,699,077
Cash and cash equivalents at 30 June		(1,568,210)	115,727

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

1. REPORTING ENTITY

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 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.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. It does not include all the information required for full annual financial statements prepared in accordance with IFRS, therefore should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2012. In addition, results for the six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

(b) Significant accounting judgement, estimates and assumptions

The preparation of this condensed interim financial statements requires management to make judgements, estimates and assumptions of future events that affect the application of accounting policies and the reported amounts and actual results may differ from these estimates.

In preparing this condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012.

During the period the Company has adopted the following new standards, amendments and interpretations.

- a) IFRS 13 – Fair value measurements
- b) Amendments to IAS 1 – Presentation of items in other comprehensive income
- c) Amendments to IAS 19 – Employee benefits

Adoption of above new standards and amendments had no significant impact in the Company.

A number of new standards, amendments to standards and interpretations have been issued that are not yet effective for the six month period ended 30 June 2013 and have not been applied in preparing this condensed interim financial statements.

IFRS 9, Financial Instruments is the first standard issued as part of a wider project to replace IAS39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2015. The Company is currently assessing the impact of this standard for future period.



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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

	Leasehold land	Buildings	Machinery and equipment	Motor vehicles	Furniture, fixtures and equipments	Computer and software	Capital work in progress (CWIP)	Total 30 June 2013	Total 31 December 2012 Audited (Restated)
4. PROPERTY, PLANT AND EQUIPMENT									
Cost									
Balance at 1 January (Restated)	20,060,310	54,133,447	98,624,646	342,500	1,027,978	512,023	429,498	175,130,402	164,975,147
Additions	-	-	-	-	141,558	-	563,493	705,051	10,379,416
Capitalization of CWIP	-	7,000	-	-	70,571	30,998	(108,569)	-	-
Transfer to intangible assets (note 6)	-	-	-	-	-	-	(596,044)	(596,044)	-
Write off	-	-	-	-	-	-	(40,968)	(40,968)	(224,161)
Balance at 30 June/ 31 December	20,060,310	54,140,447	98,624,646	342,500	1,240,107	543,021	247,410	175,198,441	175,130,402
Depreciation									
Balance at 1 January (Restated)	-	3,115,657	4,297,192	269,231	753,838	338,038	-	8,773,956	7,384,126
Charge for the year	-	185,995	319,534	7,788	65,126	53,501	-	631,944	1,613,986
Write off	-	-	-	-	-	-	-	-	(224,161)
Balance at 30 June/ 31 December	-	3,301,652	4,616,726	277,019	818,964	391,539	-	9,405,900	8,773,956
Net book value									
At 30 June 2013 (reviewed)	20,060,310	50,838,795	94,007,920	65,481	421,143	151,482	247,410	165,792,541	-
At 31 December 2012 (Restated)	20,060,310	51,017,790	94,327,454	73,269	274,140	173,985	429,498	-	166,356,446

During the year ended 31 December 2007, the Company has re-valued its land and building with the assistance of a qualified external valuer to reflect the current market value of the land and building in the Company's financial statements and the resulting revaluation gain is reflected in the revaluation reserve under equity.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The advance paid against property, plant and equipment amounting to QR 429,498 was reclassified as capital work in progress under property, plant and equipment.

The surplus between the depreciation based on the revalued carrying amount of the building and depreciation based on the building's original cost is annually transferred from revaluation reserve to the accumulated losses.

5. INVESTMENT PROPERTIES

	30 June 2013 Reviewed	31 December 2012 Audited (Restated)
Balance at 1 January	25,741,377	22,876,734
Change in fair value	<u>3,054,829</u>	<u>2,864,643</u>
	<u>28,796,206</u>	<u>25,741,377</u>

Details of the fair values of the properties are as follows:

	30 June 2013 Reviewed	31 December 2012 Audited (Restated)
Land	22,364,832	19,733,675
Building	<u>6,431,374</u>	<u>6,007,702</u>
	<u>28,796,206</u>	<u>25,741,377</u>

The investment property represents the fair value of the land and building at the reporting date and a part of the above property has been rented to a third party. The Company has re-valued the investment property with the assistance of a qualified external valuer to reflect the current market value of the land and building as at 30 June 2013.

6. INTANGIBLE ASSETS

	30 June 2013 Reviewed	31 December 2012 Audited
Balance at 1 January	27,799,673	27,799,673
Transfer from property, plant and equipment*	596,044	-
Amortization	<u>(9,934)</u>	<u>-</u>
	<u>28,385,783</u>	<u>27,799,673</u>

During the year ended 31 December 2007, the Company acquired the full rights for the use of the patents and know how without any limitations and the patents now belong to the Company with full rights. All the expenses related to development and acquisition of patents and know-how has been included in the cost of patents and know-how. 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.

*During the current period, the Company has acquired the soft ware licence and this is amortized over a period of 5 years.

The management has performed impairment test of the intangible asset as at 30 June 2013 and the recoverable amount of the CGU was determined based on value in use calculated using cash flows projections by the management covering a period of 5 years. Based on the above calculation, there is no evidence of impairment in the value of intangible assets.



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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

7. BORROWINGS

	30 June 2013 Reviewed	31 December 2012 Audited
Term loan (QDB)	32,578,345	32,560,843
Commercial loan (QNB)	2,000,000	-
Documentary credit facility (QDB and QNB)	14,190,593	9,736,999
Credit card payable (QNB)	4,092	36,090
	<u>48,773,030</u>	<u>42,333,932</u>
<i>Presented in the statement of financial position as follows:</i>		
Current liabilities	14,942,998	10,003,900
Non-current liabilities	33,830,032	32,330,032
	<u>48,773,030</u>	<u>42,333,932</u>

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, QAR 16 million revolving facility and QAR 5 million commercial loan, on 23 February 2012 and on 7 January 2013, 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 these loan facilities. 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 17 million.

The Company has entered into a loan agreement with Qatar National Bank, a related party, on 24 January 2013 for an overdraft facility of QAR 4 million, term loan of QAR 4 million, bank guarantee of QAR 3 million and document credit facility of QAR 6 million. The interest rates for these facilities are 6.5% per annum.

8. RELATED PARTIES

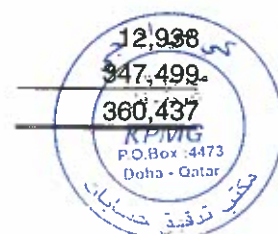
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

a) Transactions with related parties

	30 June 2013 Reviewed	30 June 2012 Reviewed
Loans obtained	<u>7,301,990</u>	<u>21,684,498</u>
Loans repaid	<u>(961,870)</u>	<u>(11,658,726)</u>
Interest	<u>868,268</u>	<u>544,658</u>
Bank charges and commission	<u>237,247</u>	<u>235,941</u>

b) Compensation to key management personnel

	30 June 2013 Reviewed	30 June 2012 Reviewed
Long- term benefits	39,715	12,938
Short- term benefits	1,039,423	347,499
	<u>1,079,138</u>	<u>360,437</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013**

In Qatari Riyals

9. LEASE COMMITMENTS

	30 June 2013 Reviewed	31 December 2012 Audited
Less than 1 year	11,527	11,527
1 year to 5 year	46,108	46,108
More than 5 year	149,851	155,615
	<u>207,486</u>	<u>213,250</u>

10. CONTINGENT LIABILITIES

	30 June 2013 Reviewed	31 December 2012 Audited
Letter of credit	1,455,033	307,840
Guarantees (tenders, performance bonds and miscellaneous)	3,293,782	1,514,467
	<u>4,748,815</u>	<u>1,822,307</u>

11. CORRECTION OF ERRORS

- i) The Company has erroneously recorded the tools and equipment purchased in 2006 amounting to QR 1,834,852 under inventories and during the current period, these fully depreciated tools and equipments were transferred to property, plant and equipment. Accordingly the management has decided to restate the prior year figures to rectify the error;
- ii) Further, the Company has not recognised the movement in fair value amounting to QR 2,864,643 in respect of the investment properties as at 31 December 2012 and subsequently, the fair value of the investment property as at 31 December 2012 was done and the prior year figures have been restated to rectify the error;
- iii) Also, the Company has not accounted for the inventory write off amounting to QR 585,134 after the physical count of the inventories as at 31 December 2012 and the previous year figures were restated to rectify this error.

Summary of the effects of the restatements from the corrections of the above mentioned errors on the previously issued figures are as follows:

	Effect on 1 January 2013	Effect on 1 January 2012
Decrease in inventories due to transfer to property, plant and equipment		(1,834,852)
Increase in accumulated losses due to reclassification of tools and equipment and related depreciation impact		1,834,852
Increase in investment properties due to fair value adjustment	2,864,643	
Decrease in accumulated losses due to movement in fair value	(2,864,643)	
Decrease in inventories due to write off	(585,134)	
Increase in accumulated losses due to inventory write off	585,134	

12. COMPARATIVE FIGURES

The comparative figures for the previous year/period have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications did not affect the previously reported net profits, net assets or equity, except for the correction of errors mentioned in above.

