

**QATAR FUEL COMPANY
(WOQOD) Q.S.C.**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

**AS AT AND FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2017**

Qatar Fuel Company (WOQOD) Q.S.C.

Condensed consolidated interim financial information
As at and for the three month period ended 31 March 2017

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Independent auditors' report on review of condensed consolidated interim financial information to the Board of Directors of Qatar Fuel Company (WOQOD) Q.S.C.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Fuel Company (WOQOD) Q.S.C. (the "Group") as at 31 March 2017, the condensed consolidated statements of profit or loss, condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the consolidated interim financial information.

The Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 consolidated interim financial statements as at 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of matter

Without qualifying our opinion, we draw attention to note 18 of the condensed consolidated interim financial statements, which describes the fact that the Group has an outstanding exposure against one of the suppliers. These amounts have been disputed by the Group. Management is of the view that no provisions are needed against this exposure in the condensed consolidated interim financial statements.

26 April 2017
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Condensed consolidated statement of financial position
At 31 March 2017**

In Qatari Riyals

	<i>Note</i>	31 March 2017 (Reviewed)	<i>31 December 2016 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,762,154,892	1,769,515,698
Investment properties		906,879,389	913,406,962
Available for sale financial assets	6	1,701,558,706	1,667,535,867
Goodwill	7	132,935,132	132,935,132
Total non-current assets		<u>4,503,528,119</u>	<u>4,483,393,659</u>
Current assets			
Inventories	8	351,567,433	280,495,030
Due from related parties	13 (b)	685,393,062	484,262,131
Trade receivables	9	1,723,234,960	2,328,107,287
Prepayments and other receivables		599,289,913	595,385,088
Cash and banks	10	2,582,811,803	3,168,034,796
Total current assets		<u>5,942,297,171</u>	<u>6,856,284,332</u>
TOTAL ASSETS		<u>10,445,825,290</u>	<u>11,339,677,991</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	994,255,760	912,161,250
Legal reserve		473,726,588	456,080,625
General reserve		30,078,234	30,078,234
Fair value reserve		106,986,205	125,568,778
Retained earnings		4,938,259,710	5,500,053,424
Equity attributable to equity holders of the parent		<u>6,543,306,497</u>	<u>7,023,942,311</u>
Non – controlling interests		192,194,532	258,495,739
TOTAL EQUITY		<u>6,735,501,029</u>	<u>7,282,438,050</u>
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		169,165,766	136,412,116
Total non-current liabilities		<u>169,165,766</u>	<u>136,412,116</u>
Current liabilities			
Trade and other payables		712,852,009	497,788,536
Due to related parties	13 (c)	2,828,306,486	3,423,039,289
Total current liabilities		<u>3,541,158,495</u>	<u>3,920,827,825</u>
TOTAL LIABILITIES		<u>3,710,324,261</u>	<u>4,057,239,941</u>
TOTAL EQUITY AND LIABILITIES		<u>10,445,825,290</u>	<u>11,339,677,991</u>

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 26 April 2017:

Ahmad Saif Al-Sulaiti	Saad Rashid Al-Muhannadi	Jaber Ali Al-Hedfa
Chairman	Chief Executive Officer	Chief Financial and Administration Officer

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Condensed consolidated statement of profit or loss
For the three month period ended 31 March 2017**

In Qatari Riyals

	<i>Note</i>	For the three month period ended 31 March	
		2017 (Reviewed)	2016 (Reviewed)
Revenue	14	3,800,464,417	2,946,946,773
Direct cost		(3,507,411,013)	(2,629,262,692)
Gross profit		293,053,404	317,684,081
General and administrative expenses		(389,701,860)	(324,837,449)
Other income		301,444,374	272,988,245
Net profit for the period		204,795,918	265,834,877
Attributable to:			
Owners of the company		176,459,634	242,693,650
Non-controlling interest		28,336,284	23,141,227
Net profit for the period		204,795,918	265,834,877
Basic earnings per share	15	1.77	2.44

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.**Condensed consolidated statement of profit or loss and other comprehensive income
For the three month period ended 31 March 2017**

In Qatari Riyals

	For the three month period ended 31 March	
	2017 <i>(Reviewed)</i>	2016 <i>(Reviewed)</i>
Net profit for the period	204,795,918	265,834,877
Other comprehensive income <i>Items that are or may be reclassified subsequently to profit or loss</i>		
Net change in fair value of available for sale financial assets	(21,306,085)	(15,453,870)
Other comprehensive loss for the period	(21,306,085)	(15,453,870)
Total comprehensive income for the period	183,489,833	250,381,007
Attributable to:		
Owners of the company	157,877,061	227,239,780
Non-controlling interest	25,612,772	23,141,227
	183,489,833	250,381,007

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Condensed consolidated statement of changes in equity
For the three month period ended 31 March 2017**

In Qatari Riyals

	Attributable to the owners of the Company						Non-controlling interests	Total Equity
	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total		
Balance at 1 January 2017 (Audited)	912,161,250	456,080,625	30,078,234	125,568,778	5,500,053,424	7,023,942,311	258,495,739	7,282,438,050
Total comprehensive income for the period:								
Net profit for the period	-	-	-	-	176,459,634	176,459,634	28,336,284	204,795,918
Other comprehensive income for the period	-	-	-	(18,582,573)	-	(18,582,573)	(2,723,512)	(21,306,085)
Total comprehensive income for the period	-	-	-	(18,582,573)	176,459,634	157,877,061	25,612,772	183,489,833
Bonus share issue	82,094,510	-	-	-	(82,094,510)	-	-	-
Cash dividends paid for 2016	-	-	-	-	(638,512,875)	(638,512,875)	-	(638,512,875)
Transfer to legal reserve	-	17,645,963	-	-	(17,645,963)	-	-	-
Dividends paid to non-controlling interest by a subsidiary company	-	-	-	-	-	-	(91,913,979)	(91,913,979)
Balance at 31 March 2017 (Reviewed)	994,255,760	473,726,588	30,078,234	106,986,205	4,938,259,710	6,543,306,497	192,194,532	6,735,501,029
Balance at 1 January 2016 (Audited)	844,593,750	428,250,269	30,078,234	1,669,059	5,630,043,950	6,934,635,262	274,987,562	7,209,622,824
Effect of restatement	-	-	-	136,892,799	(133,193,423)	3,699,376	(3,699,376)	-
Balance at 1 January 2016 (Restated)	844,593,750	428,250,269	30,078,234	138,561,858	5,496,850,527	6,938,334,638	271,288,186	7,209,622,824
Total comprehensive income for the period:								
Net profit for the period	-	-	-	-	242,693,650	242,693,650	23,141,227	265,834,877
Other comprehensive income for the period	-	-	-	(15,453,870)	-	(15,453,870)	-	(15,453,870)
Total comprehensive income for the period	-	-	-	(15,453,870)	242,693,650	227,239,780	23,141,227	250,381,007
Bonus shares issued	67,567,500	-	-	-	(67,567,500)	-	-	-
Cash dividends paid for 2015	-	-	-	-	(692,566,875)	(692,566,875)	-	(692,566,875)
Dividends paid to non-controlling interest by a subsidiary company	-	-	-	-	-	-	(100,000,000)	(100,000,000)
Balance at 31 March 2016 (Reviewed)	912,161,250	428,250,269	30,078,234	123,107,988	4,979,409,802	6,473,007,543	194,429,413	6,667,436,956

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Condensed consolidated statement of cash flows
For the three month period ended 31 March 2017**

In Qatari Riyals

	Note	<i>For the three month period ended 31 March</i>	
		2017	2016
		(Reviewed)	(Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		204,795,918	265,834,877
<i>Adjustments for:</i>			
Depreciation		59,963,904	47,674,467
Impairment losses of property, plant and equipment		-	11,160,882
Provision for legal claims		5,000,000	-
(Reversal) / impairment for slow moving inventories		(59,887,104)	35,021,876
Impairment for trade receivables		32,409,698	-
Provision for employees' for end of service benefits		38,166,160	5,669,706
Loss on sale of property, plant and equipment		11,161,092	-
Gain on sale of available for sale financial assets		(1,994,253)	(6,562,702)
Dividend income		(49,210,002)	(54,635,209)
Interest income		(13,339,248)	(6,796,863)
		<u>227,066,165</u>	<u>297,367,034</u>
<i>Changes in:</i>			
-Inventories		(11,185,299)	8,030,776
- trade receivable and prepayments		568,557,803	292,290,915
- due from related parties		(201,130,931)	(47,460,455)
- due to related parties		(594,732,803)	128,025,478
- trade and other payables		210,063,469	701,225,257
Cash generated from operating activities		<u>198,638,404</u>	<u>1,379,479,005</u>
Employees' end of service benefits paid		(5,412,508)	(1,052,061)
Interest received		13,339,248	6,796,863
Net cash from operating activities		<u>206,565,144</u>	<u>1,385,223,807</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available for sale investments		89,487,690	50,426,639
Purchase of property, plant and equipment	5	(57,236,617)	(103,996,648)
Dividends received		49,210,002	54,635,209
Purchase of available for sale investments		(142,822,358)	(208,331,012)
Net cash used in investing activities		<u>(61,361,283)</u>	<u>(207,265,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(638,512,875)	(692,566,875)
Dividends paid to non-controlling interest		(91,913,979)	(100,000,000)
Net cash used in financing activities		<u>(730,426,854)</u>	<u>(792,566,875)</u>
Net (decrease) / increase in cash and cash equivalents		(585,222,993)	385,391,120
Cash and cash equivalents at 1 January		<u>3,168,034,796</u>	<u>2,400,286,929</u>
Cash and cash equivalents at 31 March	10	<u>2,582,811,803</u>	<u>2,785,678,049</u>
Non cash transactions			
Change in fair value reserve for available for sale assets		<u>21,306,085</u>	15,453,870
Bonus shares distributed during the period		<u>82,094,513</u>	67,567,500

The notes on pages 7 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements For the three month period ended 31 March 2017

1 STATUS AND ACTIVITIES

Qatar Fuel Q.S.C (WOQOD) (the “Group” or the “Parent”) is a Qatari Public Shareholding Company formed in accordance with the Emiri Decree No 5 of 2002 on 10 February 2002 under the commercial registration No. 24872.

The principal activities of the Parent along with its subsidiaries (“the Group”) are the sale, marketing and distribution of oil, gas and refined petroleum products, which are refined by and transferred from Qatar Petroleum, vehicle inspection services, marine bunkering, transportation activities of oil and gas between the ports and real estate services. The Group operates in the State of Qatar through its lines of business. The Group also established WOQOD International which is a Single Owner Company established to undertake foreign investments for the parent company. WOQOD Kingdom is a subsidiary of WOQOD International and has undertaken to establish petrol stations and commercial spaces in the Kingdom of Saudi Arabia.

Also the condensed consolidated interim financial statements include the financial information of the controlled subsidiaries listed below:

	Country	Group Effective Shareholding	
		2017	2016
Qatar Fuel Jet Company W.L.L.	Qatar	60%	60%
WOQOD Vehicle Inspection Company (“FAHES”) W.L.L.	Qatar	100%	100%
WOQOD Marine Services Company W.L.L.	Qatar	100%	100%
WOQOD International Company W.L.L.	Qatar	100%	100%
WOQOD Kingdom Company W.L.L.	Kingdom of Saudi Arabia	100%	100%
Ard Al Khaleej Real Estate W.L.L.	Qatar	100%	100%
Sidra Al Ghariya Shipping Company	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Company	Republic of Liberia	100%	100%
Sidra Al Zubarah Shipping Company	Republic of Liberia	100%	100%
Sidra Raslaffan Shipping Company	Republic of Liberia	100%	100%
Sidra Al Wakra Shipping Company	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Company	Republic of Liberia	100%	100%
Sidra Messaied Shipping Company	Republic of Liberia	100%	100%
Sidra Qatar Shipping Company	Republic of Liberia	100%	-

The interim condensed consolidated financial statements of the Qatar Fuel Q.S.C (WOQOD) (the “Group” or the “Parent”) and its subsidiaries (collectively, the Group) for the three months ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2017.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IFRS”) IAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial statements are prepared in Qatar Riyals, which is the Group’s presentation functional currency.

These condensed consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements, However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements as at and for the year ended 31 December 2016. In addition, the results for the three months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b) Use of Judgments and estimates**

In preparing these condensed consolidated interim financial statements, Management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 31 December 2016.

3 SIGNIFICANT ACCOUNTING POLICIES**a) Basis of measurement**

These condensed consolidated interim financial statements have been prepared under the historical cost basis except for available-for-sale financial assets and investment properties which have been measured at fair value.

b) Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2016, below are list of standards that still not yet effective.

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments.
- Classification and Measurement of Shared-based Payment Transactions (Amendments to IFRS 2)
- IFRS 16 Leases
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

4 OPERATING SEGMENTS

The Group mainly operates in the areas of sale and distribution of refined petroleum products and technical inspection of vehicles. More than 95% of the Group's revenue is generated through sale and distribution of refined petroleum products.

The Company's geographical segment is inside Qatar only. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters) and head office expenses.

<i>Three month period ended 31 March 2017 (Reviewed)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated</i>
Revenue	3,780,519,182	19,945,235	-	3,800,464,417
Inter-segment revenue	1,541,205,678	-	(1,541,205,678)	-
Total revenue	<u>5,321,724,860</u>	<u>19,945,235</u>	<u>(1,541,205,678)</u>	<u>3,800,464,417</u>
Reportable segment profit	<u>333,478,365</u>	<u>9,188,521</u>	<u>(137,870,968)</u>	<u>204,795,918</u>

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Notes to the condensed consolidated interim financial statements
For the three month period ended 31 March 2017**

In Qatari Riyals

4. OPERATING SEGMENTS (CONTINUED)

<i>Three month ended 31 March 2016 (Reviewed)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated</i>
Revenue	2,926,294,034	20,652,739	-	2,946,946,773
Inter-segment revenue	896,656,780	-	(896,656,780)	-
Total revenue	<u>3,822,950,814</u>	<u>20,652,739</u>	<u>(896,656,780)</u>	<u>2,946,946,773</u>
Reportable segment profit	<u>405,490,161</u>	<u>9,352,677</u>	<u>(149,007,961)</u>	<u>265,834,877</u>

Reconciliation of profit

	For three months period ended 31 March	
	2017	2016
Segment Profit	342,666,886	415,834,877
Inter-company dividend	<u>(137,870,968)</u>	<u>(150,000,000)</u>
	<u>204,795,918</u>	<u>265,834,877</u>

Assets and Liabilities of operating segments

<i>Three month period ended 31 March 2017 (Reviewed)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated 2017</i>
Segment assets	<u>12,535,420,891</u>	<u>221,884,067</u>	<u>(2,311,479,668)</u>	<u>10,445,825,290</u>
Segment liabilities	<u>5,740,552,270</u>	<u>37,553,658</u>	<u>(2,067,781,667)</u>	<u>3,710,324,261</u>
<i>Year ended 31 December 2016 (Audited)</i>	<i>Refined petroleum products</i>	<i>Technical inspection of vehicles</i>	<i>Adjustment and eliminations</i>	<i>Consolidated 2016</i>
Segment assets	<u>13,826,104,118</u>	<u>192,081,241</u>	<u>(2,678,507,368)</u>	<u>11,339,677,991</u>
Segment liabilities	<u>6,453,032,200</u>	<u>16,939,353</u>	<u>(2,412,731,612)</u>	<u>4,057,239,941</u>

QATAR FUEL COMPANY (WOQOD) Q.S.C.

**Notes to the condensed consolidated interim financial statements
For the three month period ended 31 March 2017**

In Qatari Riyals

5 PROPERTY, PLANT AND EQUIPMENT

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Cost		
At 1 January	2,968,006,469	2,729,366,648
Impact of correction of errors	-	(185,878,379)
At 1 January (Restated)	2,968,006,469	2,543,488,269
Additions	57,236,617	506,372,613
Disposals	(15,080,798)	(31,693,268)
Write off	-	(50,161,145)
At the end of period / year	<u>3,010,162,288</u>	<u>2,968,006,469</u>
Accumulated depreciation		
At 1 January	1,198,490,771	1,071,734,762
Impact of correction of errors	-	(20,510,811)
At 1 January (Restated)	1,198,490,771	1,051,223,951
Depreciation charges for the period / year	53,436,331	198,422,486
Disposals	(3,919,706)	(15,385,596)
Related to write off	-	(35,770,070)
At the end of period / year	<u>1,248,007,396</u>	<u>1,198,490,771</u>
Net carrying amount	<u>1,762,154,892</u>	<u>1,769,515,698</u>

- i. The Group has received Government grants in the form of transferring non-monetary assets (Six plots of land located in the state of Qatar), during the years 2005 and 2006 for no consideration, for the purpose of constructing and operating petrol stations on these plots; for which the title deeds have been transferred from the Ministry of Municipality and Urban Planning to the Group, however the Group elected to account for these plots of lands for which the title deeds have been transferred to the Group at nominal value of QR 1. Also as of 31 March 2017, the Group received a number of 11 plots of lands located in the State of Qatar from the Ministry of Municipality and Urban Planning, for the same purpose referred above for which title deeds have not been transferred yet from the Ministry of Municipality and Urban Planning.
- ii. The Group has eight vessels where they operate mainly in bunkering for Heavy Fuel Oil (HFO), Medium Gas Oil (MGO) and Diesel Light Gas Oil (LGO). In addition to the bunkering activities these vessels also operate for leasing under chartering agreements with major customers like Valencia and Kim Oil to transfer the oil between ports.

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements For the three month period ended 31 March 2017

In Qatari Riyals

6 AVAILABLE FOR SALE FINANCIAL ASSETS

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Qatar Electricity and Water Company Q.S.C.	150,343,534	158,816,621
Qatar Gas Transport Company Q.S.C.	417,516,799	448,214,138
Industries Qatar Q.S.C.	12,007,838	29,770,299
Commercial Bank of Qatar Q.S.C.	58,094,235	39,850,586
Barwa Real Estate Company Q.S.C.	163,520,000	154,104,321
Qatar National Bank S.A.Q.	21,356,727	27,000,248
Ooredoo Q.S.C.	7,420,136	10,334,347
Al Khaleej Takaful Group Q.S.C.	24,567,967	25,936,331
Doha Bank Q.S.C.	58,903,462	70,430,750
Zad Holding Company Q.S.C.	37,570,218	35,319,322
Mesaieed Petrochemical Holding Company Q.S.C.	13,701,500	4,558,330
Qatar International Islamic Bank Q.S.C.	138,118,195	147,483,380
Qatar Islamic Bank Q.S.C.	11,575,852	-
Mazaiya Qatar Real Estate Development Q.S.C.	94,417,496	106,621,118
Al- Mannai Corporation Q.S.C.	58,650,560	49,640,906
Qatar National Navigation & Transport Q.S.C.	71,652,481	76,013,758
Investment in Sukuk	268,038,062	262,581,970
Qatar Industrial Manufacturing Company Q.S.C.	35,895,311	7,794,442
Al Meera (Q Invest)	12,525,000	13,065,000
Qatar National Cement Co. Q.S.C.	23,491,912	-
Qatar Gulf Warehousing Q.S.C.	3,991,421	-
Q-Invest - Air craft financing project	18,200,000	-
	<u>1,701,558,706</u>	<u>1,667,535,867</u>

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial Instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

As at 31 March 2017 and 31 December 2016, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	<i>31 March 2017 (Reviewed)</i>	Level 1	Level 2	Level 3
Available-for-sale financial assets	<u>1,701,558,706</u>	<u>1,701,558,706</u>	<u>-</u>	<u>-</u>
	<i>31 December 2016 (Audited)</i>	Level 1	Level 2	Level 3
Available-for-sale financial assets	<u>1,667,535,867</u>	<u>1,667,535,867</u>	<u>-</u>	<u>-</u>

During the period/year ended 31 March 2017 and 31 December 2016, 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.

6 AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)**Impairment of available for sale financial assets**

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

7 GOODWILL

	31 March 2017 <i>(Reviewed)</i>	31 December 2016 <i>(Audited)</i>
Relating to Qatar Jet Fuel Company W.L.L. (Q-Jet)	57,700,022	57,700,022
Relating to Woqod Vehicles Inspection Company W.L.L. (Fahes)	75,235,110	75,235,110
	132,935,132	132,935,132

As on 31 December 2016, the Group calculated an internal evaluation to assess and identify the instance of any indication of impairment on goodwill. The evaluation mainly on financial data of the subsidiaries and took into account the business environment in which the subsidiaries operate. Based on this exercise management concluded that there were no indications of impairment that warrant a full impairment review. The Group had previously undertaken an impairment review of the goodwill as on 31 December 2012. Based on this review, the recoverable amounts of the subsidiaries, Qatar Jet Fuel Company and Fahes, which are the cash-generating units to which the goodwill was allocated, have been determined based on value in use calculation using cash flow projections. The associated assumptions are summarized as follows;

- The valuation date is 31 December 2012.
- Continuity of local market circumstances and the expected normal rate of growth.
- Reliance on estimated revenues, expenses and cash flows for the years 2015 – 2018 provided by management.
- Management relied on the CAPM to define the cost of equity. Historical risk free rate accounted for 5.5% up to 7%, as per the seventh issue of the Government bond that matured in 2010. On the other hand, management forces more lenient measures to be addressed in the interest market of Qatar and predict the expected risk free rate to be 5.5%, and the prices of Government bond to be around 3.25% and it will increase during the next period, but it will not exceed 5.5% during the next 5 years.
- The market risk of Qatar is 8% which indicate that market risk can account for up to 13.5%.
- The pricing technique used for evaluating the business of Q-Jet is the earning cash flow approach and that of Fahes is the constant growth model.
- A key assumption for the value in use calculations was the discount rate represented in the Group's weighted average cost of capital (WACC) used in the calculation of the present value of the free cash flow from operation is 9% for Q-Jet and 11% for Fahes.
- The value of equity using the above mentioned approaches amounted to QR 754 million for Q-Jet and QR 214 million for Fahes.
- The major source of information are the audited financial statements for the year ended December 2010 to 31 December 2012 and the unaudited financial statements for the year ended 31 December 2013.

Projections for Q-Jet for the year 2017 have been derived from the following assumptions

- The annual growth rate of Q-Jet is 10.5% for each and every year of projection, as the price is derived through the summation of three factors mentioned hereinafter,
 - a) Assumed petrol price is the Arab Gulf (MOPAG) (in USD cents per gallons). This is assumed to increase at an annual growth rate of 5% every year.
 - b) Premium charged by QP (in US cents per gallon). This assumed to remain stable at 10.25 cent/gallon.
 - c) Gross margin (in US cents per gallon). This assumed to remain stable at 15 cents/gallon.
- Other income include interest income which is calculated as 2% of the expected average bank balances per annum and miscellaneous income which is assumed to be QR 75,000 per annum and the government subsidy.

7 GOODWILL (CONTINUED)**Projections for Q-Jet for the year 2017 have been derived from the following assumptions (continued)**

- Cash expenses include manpower and related costs and other cash expenses each of which are assumed to increase annually by 3%.
- Projection for management fee is based on management fee agreement, by which Qatar Fuel Company Q.S.C. (“the parent”) is entitled to receive fees from Q-Jet for the provision of management services at 3% of the yearly net profit before the management fee.
- Employee profit share has been assumed to be QR 850, for the year 2015 and 2016 based on an average of the historical periods/ years.

Projections for Fahes for the year 2017 have been derived from the following assumptions

- Sales revenues are assumed to increase at an annual growth rate of 6% which is based on the historical growth in the sales revenue.
- All expenses, including man power costs, and other expenses are expected to increase at an annual growth rate of 8% as per the management expectation for the year 2017.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The management concluded from this review and the use of the above assumptions that there is no impairment to the goodwill as at 31 December 2016.

The management will supervise any changes that can occur at year 2017 which will derive the management to re-measure the Goodwill.

8 INVENTORIES

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Jet fuel oil	66,452,391	51,460,585
Materials and spare parts	136,571,962	93,509,231
Heavy fuel oil	-	59,887,104
Diesel fuel oil	72,771,644	99,698,682
Retail stores inventory	25,131,916	26,207,735
Refined fuel oil – super grade	26,032,694	3,423,164
Refined fuel oil – premium grade	25,095,048	3,219,225
Other inventory items	4,502,028	7,966,658
	<u>356,557,683</u>	<u>345,372,384</u>
Less: provision for slow moving items	(4,990,250)	(64,877,354)
	<u>351,567,433</u>	<u>280,495,030</u>

QATAR FUEL COMPANY (WOQOD) Q.S.C.**Notes to the condensed consolidated interim financial statements
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In Qatari Riyals

9 TRADE RECEIVABLES

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Trade receivables	1,839,043,045	2,411,505,674
Less: impairment of trade receivables	<u>(115,808,085)</u>	<u>(83,398,387)</u>
	<u>1,723,234,960</u>	<u>2,328,107,287</u>

The group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers credit ratings, when available. Most of the above receivables are either secured against a bank guarantee or are receivables from government entities.

10 CASH AND CASH EQUIVALENTS

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Cash	951,749	789,595
Current and call accounts	1,039,965,927	656,782,505
Fixed deposits	<u>1,541,894,127</u>	<u>2,510,462,696</u>
Cash and cash equivalents	<u>2,582,811,803</u>	<u>3,168,034,796</u>

11 SHARE CAPITAL

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Authorized 100,000,000 ordinary shares of QR 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued 99,425,576 ordinary shares (2016: 91,216,125 shares) of QR 10 each	<u>994,255,760</u>	<u>912,161,250</u>

12 DIVIDENDS

The shareholders of the company approved at the Annual General Assembly meeting held on 5 March 2017 a cash dividend of QR 7 per share to shareholders with a total amounting to QR 638,512,875 for the year ended 31 December 2016 in addition to the 9 bonus shares for each 100 shares held in the Company. (2016: the shareholders approved a cash dividend of QR 8.2 per share with a total amounting to QR 692,566,875).

QATAR FUEL COMPANY (WOQOD) Q.S.C.

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For the three month period ended 31 March 2017**

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13 RELATED PARTY DISCLOSURE

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Company and the companies of which they have a significant influence on it. Pricing policies and terms of these transactions are approved by the Group's management.

a) Transactions made with related parties

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>31 March 2017 (Reviewed)</i>	<i>31 March 2016 (Reviewed)</i>
Qatar Petroleum / Purchases	<u>3,254,271,004</u>	<u>2,420,473,566</u>
Qatar Petroleum / Sales	<u>324,161,297</u>	<u>39,495,780</u>

b) Due from related parties

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Ras Gas	12,042,764	13,535,717
Gulf Helicopters Q.S.C.	3,295,186	2,937,420
Gulf Drilling International ("GDI") Q.S.C.	5,661,127	3,596,259
Qatar Aluminium (Qatalum")	250,148	1,010,670
Qatar Steel Company Q.S.C.	676,721	1,330,523
Qatar Petrochemical Company ("QAPCO") Q.S.C.	1,079,370	1,510,090
Qatar Fuel Additives Company ("QAFAC") C.Q.S.C.	3,414,358	2,825,004
Qatar Chemical Company Ltd ("Q-Chem")	670,507	759,390
Amwaj Catering Services	1,114,058	1,315,625
Qatar Fertiliser Company ("QAFCO") C.Q.S.C.	225,012	260,437
Oryx GTL	523,380	827,987
Qatex Limited	630,477	631,329
Al Shaheen Well Services Co.	8,827	6,370
Seef Ltd.	42,029	40,871
Gasal Q.S.C.	28,761	13,473
Qatar Holding Co.	53,412	53,412
Qatar Gas Operation Co. Ltd.	7,370,979	6,313,763
Qatar gas operating company	52,811	33,040
Dlala Brokerage - current account	10	-
Qatar Petroleum	<u>648,253,125</u>	<u>447,260,751</u>
	<u>685,393,062</u>	<u>484,262,131</u>

c) Due to related parties

	<i>31 March 2017 (Reviewed)</i>	<i>31 December 2016 (Audited)</i>
Qatar Petroleum	<u>2,828,306,486</u>	<u>3,423,039,289</u>

d) Compensation to key management personnel

	<i>Three month period ended 31 March</i>	
	<i>2017 (Reviewed)</i>	<i>2016 (Reviewed)</i>
Salaries and other short term benefits and post-employment benefits	<u>9,245,267</u>	<u>9,808,781</u>

QATAR FUEL COMPANY (WOQOD) Q.S.C.

Notes to the condensed consolidated interim financial statements For the three month period ended 31 March 2017

In Qatari Riyals

14 REVENUE

	<i>Three month period ended 31 March</i>	
	2017	2016
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sales of refined petroleum products	3,024,654,669	2,367,267,665
Sales of petrol stations	667,172,759	555,083,630
Revenues from inspection services	19,945,235	20,652,739
Sales of lubricants and supplies	88,691,754	3,942,739
	<u>3,800,464,417</u>	<u>2,946,946,773</u>

15 BASIC EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to the owners of the Group by the weighted average number of ordinary outstanding shares during the period as follows:

	<i>Three month period ended 31 March</i>	
	2017	2016
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to the owners of the Company	<u>176,459,634</u>	<u>242,693,650</u>
Weighted average number of shares outstanding during the period	<u>99,425,576</u>	<u>99,425,576</u>
Basic earnings per share	<u>1.77</u>	<u>2.44</u>

16 CONTINGENT LIABILITIES

	<i>31 March</i>	<i>31 December</i>
	2017	2016
	<i>(Reviewed)</i>	<i>(Audited)</i>
Bank Guarantee	<u>4,961,278</u>	<u>4,961,278</u>
Letters of credit	<u>57,961,391</u>	<u>57,961,391</u>

17 CAPITAL COMMITMENTS

	<i>31 March</i>	<i>31 December</i>
	2017	2016
	<i>(Reviewed)</i>	<i>(Audited)</i>
Construction of petrol stations	<u>200,690,644</u>	<u>185,143,753</u>

Capital commitments for the 3 months period of 2017, represents the construction of 16 petrol stations at an amount of QR 200,690,644 (2016: QR 185,143,753 was related to 12 petrol stations)

18 SIGNIFICANT MATTER

As at 31 March 2017, the Group has an exposure against one supplier resulted from price differences for the previous financial years. The Group is recording the purchases based on the approved price formula, while the supplier is recording those sales differently.

The Groups' Management held many meeting with the supplier management and all other concerned parties to resolve this dispute at the earliest.

Management is of the view that there is no additional liability on the Group, as they believe that there is no base for any additional claims, and that this matter will be resolved.

19 COMPARATIVE FIGURES

Comparative figures for the previous period / year has been reclassified, where necessary, in order to conform to the current period's presentation. However, such reclassifications did not have any effect on the net profit or equity of the comparative period / year.