

QATAR FUEL Q.S.C (WOQOD)

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

30 JUNE 2011

Qatar Fuel Q.S.C (WOQOD)

**Condensed Consolidated Interim Financial Statements
As at and for the six month period ended 30 June 2011**

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Independent auditor's review report on condensed consolidated interim financial statements

To
The Board of Directors
Qatar Fuel Q.S.C (WOQOD)
Doha
State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Qatar Fuel Q.S.C (the "Company") as of 30 June 2011 and the condensed consolidated interim statements of income, comprehensive income, cash flows and changes in equity for the six month period then ended and the related notes (together referred to as "the condensed consolidated interim financial statements").

The Board of Directors is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IAS 34) *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

15 August 2011
Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditor's Registry No.197

QATAR FUEL Q.S.C (WOQOD)**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2011**

In Qatari Riyals

		30 June 2011	31 December 2010
ASSETS	Note	Reviewed	Audited
Non-current assets			
Property, plant and equipment	3	1,510,296,348	1,388,591,418
Available-for-sale investments	4	214,937,915	225,004,874
Goodwill		<u>132,935,132</u>	<u>132,935,132</u>
Total non-current assets		<u>1,858,169,395</u>	<u>1,746,531,424</u>
Current assets			
Inventories	5	220,179,359	197,991,082
Accounts receivable	6	1,539,119,017	1,238,050,441
Prepayments and other Receivable		96,518,878	67,601,023
Cash and bank balances	7	<u>3,225,336,196</u>	<u>2,903,458,119</u>
Total current assets		<u>5,081,153,450</u>	<u>4,407,100,665</u>
Total assets		<u>6,939,322,845</u>	<u>6,153,632,089</u>
EQUITY AND LIABILITIES			
Equity (page 5)			
Share capital	8	415,800,000	346,500,000
Legal reserve		382,831,792	382,831,792
General reserve		30,078,234	30,078,234
Fair value reserve		51,651,923	63,881,291
Retained earnings		<u>3,379,322,402</u>	<u>3,195,651,398</u>
Total equity attributable to equity holders of the parent		4,259,684,351	4,018,942,715
Non-controlling interest		<u>218,775,023</u>	<u>218,101,278</u>
Total equity		<u>4,478,459,374</u>	<u>4,237,043,993</u>
Non-current liabilities			
Due to a related party	9(b)	21,136,583	33,818,533
Provisions		100,000,000	100,000,000
Employees' end of service benefits		<u>38,025,889</u>	<u>33,361,611</u>
Total non-current liabilities		<u>159,162,472</u>	<u>167,180,144</u>
Current liabilities			
Payables and accruals		172,888,004	173,993,911
Due to a related party	9(b)	<u>2,128,812,995</u>	<u>1,575,414,041</u>
Total current liabilities		<u>2,301,700,999</u>	<u>1,749,407,952</u>
Total liabilities		<u>2,460,863,471</u>	<u>1,916,588,096</u>
Total equity and liabilities		<u>6,939,322,845</u>	<u>6,153,632,089</u>

The condensed consolidated interim financial statements were approved by the Board of Directors and signed on their behalf by the following on 15 August 2011.

.....
H.E Abdulla Bin Hamad Al Attiyah
 Deputy Prime Minister and Chief of
 Amiri Diwan- Chairman

.....
Mr. Mohamed Turki Al-Sobai
 Vice Chairman and Managing Director

.....
Mr. Khalil Hassan Makki
 Finance Manager

The attached notes 1 to 15 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL Q.S.C (WOQOD)**CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME****For the six month period ended 30 June 2011**

In Qatari Riyals

		For the six months ended 30 June	
		2011	2010
	Note	Reviewed	Reviewed
Revenue	10	4,999,549,835	3,508,788,587
Cost of sales		<u>(4,130,918,274)</u>	<u>(2,763,476,376)</u>
Gross profit		868,631,561	745,312,211
General and administration expenses		(249,023,570)	(246,085,958)
Depreciation on property, plant and equipment	3	(47,975,461)	(36,828,696)
Finance cost		(249,995)	(224,607)
Other income		<u>98,762,214</u>	<u>132,460,067</u>
Profit for the period		<u>670,144,749</u>	<u>594,633,017</u>
Attributable to:			
Equity holders of the parent company		599,471,004	548,946,415
Non-controlling interest		<u>70,673,745</u>	<u>45,686,602</u>
Profit for the period		<u>670,144,749</u>	<u>594,633,017</u>
Basic and diluted earnings per share	11	<u>14.42</u>	<u>13.20</u>

The attached notes 1 to 15 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL Q.S.C (WOQOD)**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME****For the six month period ended 30 June 2011**

In Qatari Riyals

	For the six months ended 30 June	
	2011	2010
	Reviewed	Reviewed
Profit for the period	<u>670,144,749</u>	<u>594,633,017</u>
Other comprehensive income		
Net change in fair value of available-for-sale investments	<u>(12,229,368)</u>	<u>(30,831,780)</u>
Other comprehensive income for the period	<u>(12,229,368)</u>	<u>(30,831,780)</u>
Total comprehensive income for the period	<u>657,915,381</u>	<u>563,801,237</u>
Attributable to:		
Equity holders of the parent company	587,241,636	518,114,635
Non-controlling interest	<u>70,673,745</u>	<u>45,686,602</u>
Total comprehensive income for the period	<u>657,915,381</u>	<u>563,801,237</u>

The attached notes 1 to 15 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL Q.S.C (WOQOD)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2011

In Qatari Riyals

2010	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total attributable to equity holders of the Parent	Non-controlling interest	TOTAL
Balance at 1 January 2010 (audited)	315,000,000	297,397,827	30,078,234	75,414,720	2,478,190,371	3,196,081,152	172,291,950	3,368,373,102
<i>Comprehensive income for the Period:</i>								
Net profit for the Period	-	-	-	-	548,946,415	548,946,415	45,686,602	594,633,017
Other comprehensive income	-	-	-	(30,831,780)	-	(30,831,780)	-	(30,831,780)
Total comprehensive income for the period	-	-	-	(30,831,780)	548,946,415	518,114,635	45,686,602	563,801,237
Issue of bonus shares	31,500,000	-	-	-	(31,500,000)	-	-	-
Dividend paid for 2009	-	-	-	-	(315,000,000)	(315,000,000)	(50,000,000)	(365,000,000)
Balance at 30 June 2010 (reviewed)	346,500,000	297,397,827	30,078,234	44,582,940	2,680,636,786	3,399,195,787	167,978,552	3,567,174,339
2011								
Balance at 1 January 2011 (audited)	346,500,000	382,831,792	30,078,234	63,881,291	3,195,651,398	4,018,942,715	218,101,278	4,237,043,993
<i>Comprehensive income for the Period:</i>								
Net profit for the Period	-	-	-	-	599,471,004	599,471,004	70,673,745	670,144,749
Other comprehensive income	-	-	-	(12,229,368)	-	(12,229,368)	-	(12,229,368)
Total comprehensive income for the period	-	-	-	(12,229,368)	599,471,004	587,241,636	70,673,745	657,915,381
Issue of bonus shares	69,300,000	-	-	-	(69,300,000)	-	-	-
Dividend paid for 2010	-	-	-	-	(346,500,000)	(346,500,000)	-	(346,500,000)
Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	(70,000,000)	(70,000,000)
Balance at 30 June 2011 (reviewed)	415,800,000	382,831,792	30,078,234	51,651,923	3,379,322,402	4,259,684,351	218,775,023	4,478,459,374

The attached notes 1 to 15 form an integral part of these condensed consolidated interim financial statements.

QATAR FUEL Q.S.C (WOQOD)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2011

In Qatari Riyals

	For the six months ended 30 June	
	2011	2010
	Reviewed	Reviewed
Operating activities		
Profit for the period	670,144,749	594,633,017
Adjustments for:		
Depreciation on property, plant and equipment	49,850,942	38,705,691
Finance cost	249,995	224,607
Reversed provision for doubtful debts	(40,850,000)	-
Provision for employees' end of service benefits	5,786,717	4,538,950
Dividend and interest income	(23,600,312)	(32,166,969)
Operating profit before working capital changes	661,582,091	605,935,296
<i>Changes in working capital:</i>		
Change in inventories	(22,188,277)	(66,776,672)
Change in accounts receivable and prepayments	(289,116,237)	(118,789,290)
Change in due from a related party	-	(1,386,316)
Change in due to a related party	540,717,004	109,348,820
Change in payables and accruals	(1,105,908)	(61,534,644)
Cash from operations	889,888,673	466,797,194
Employees' end of service benefits paid	(1,122,439)	(1,141,891)
Net cash from operating activities	888,766,234	465,655,303
Investing activities		
Addition to property, plant and equipment	(171,555,873)	(91,454,819)
Acquisition of Available-for-sale investments	(2,162,409)	-
Dividend and interest income	23,580,120	32,166,969
Net cash used in investing activities	(150,138,162)	(59,287,850)
Financing activities		
Finance cost	(249,995)	(224,607)
Dividend paid Non-controlling interest by a subsidiary	(70,000,000)	(50,000,000)
Dividend paid	(346,500,000)	(315,000,000)
Net cash used in financing activities	(416,749,995)	(365,224,607)
Increase in cash and cash equivalents for the period	321,878,077	41,142,846
Cash and cash equivalents at the beginning of the period	2,903,458,119	1,864,340,100
Cash and cash equivalents at the end of the period (note 7)	3,225,336,196	1,905,482,946

The attached notes 1 to 15 form an integral part of these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION AND ACTIVITIES

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

The Company is engaged in sale and distribution of refined petroleum products produced by and transferred from Qatar Petroleum, vehicle inspection services and marine transport. The condensed consolidated interim financial statements includes the financial statements of the company and those related to its subsidiary (together referred as the “Group”).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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 Company’s presentation functional currency.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2010. In addition, results for the six month period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention except for available-for-sale investments which have been measured at fair value.

c) Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Company’s annual consolidated financial statements for the year ended 31 December 2010.

During the period, the Group has adopted revised IAS 24, Related Party Transactions. The amended standard clarified the definition of related party and laid down additional requirements for disclosure of outstanding commitments of Related Parties. The adoption of the amendment did not have any impact on the financial position of the Group.

In addition, a number of new standards, amendment to standards and interpretations have been issued that are not yet effective for the period ended 30 June 2011 and have not been applied in preparing these condensed consolidated interim financial statements:

IFRS 9, Financial Instruments’ is the first standard issued as part of a wider project to replace IAS 39.

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary categories for the financial assets: amortised cost and fair value. The basis of classifications 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 2013, however the standard can be adopted early prospectively, and prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. The Group is currently assessing the impact of this standard for future periods.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

QATAR FUEL Q.S.C (WOQOD)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six month period ended 30 June 2011

In Qatari Riyals

3. PROPERTY, PLANT AND EQUIPMENT

	30 June 2011 Reviewed	31 December 2010 Audited
Cost:		
Balance as at 1 January	1,721,476,114	1,493,649,486
Additions	171,555,873	210,106,048
Disposals	-	(1,394,540)
Balance as at the end of the period / year	<u>1,893,031,987</u>	<u>1,702,360,994</u>
Accumulated depreciation:		
Balance as at 1 January	332,884,697	224,742,864
Charge for the period / year	49,850,942	89,370,198
Relating to disposals	-	(343,486)
Balance as at the end of the period / year	<u>382,735,639</u>	<u>313,769,576</u>
Net book value	<u>1,510,296,348</u>	<u>1,388,591,418</u>

The depreciation expenses is allocated between general and administration expenses and operating costs as follows:

	30 June 2011 Reviewed	30 June 2010 Reviewed
General and administration expenses	47,975,461	36,828,696
Cost of Sales	1,875,481	1,876,995
Charge for the period	<u>49,850,942</u>	<u>38,705,691</u>

4. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2011 Reviewed	31 December 2010 Audited
Balance as at 1 January	225,004,874	148,602,720
Cost of acquired investments	2,162,409	87,935,583
Change in fair value as at period / year end	(12,229,368)	(11,533,429)
Balance as at the end of the period / year	<u>214,937,915</u>	<u>225,004,874</u>

5. INVENTORIES

	30 June 2011 Reviewed	31 December 2010 Audited
Refined petroleum products	159,028,172	147,299,661
Maintenance materials and parts	61,151,187	50,691,421
	<u>220,179,359</u>	<u>197,991,082</u>

QATAR FUEL Q.S.C (WOQOD)**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the six month period ended 30 June 2011**

In Qatari Riyals

6. ACCOUNTS RECEIVABLE

	30 June 2011 Reviewed	31 December 2010 Audited
Trade and other receivables	1,539,982,628	1,279,764,054
Provision for impairment	(863,611)	(41,713,613)
	<u>1,539,119,017</u>	<u>1,238,050,441</u>

All of the above receivables which are not impaired are either secured against bank guarantee or are outstanding from government agencies.

The Group reversed the provision for impairment of receivables that was established in the prior year, after collection of the doubtful customers balances during the current period.

7. CASH AND BANK BALANCES

	30 June 2011 Reviewed	31 December 2010 Audited
Cash on hand	590,004	491,119
Bank balances	1,813,484,357	1,500,961,988
Fixed deposits	<u>1,411,261,835</u>	<u>1,402,005,012</u>
	<u>3,225,336,196</u>	<u>2,903,458,119</u>

Fixed deposits carry interest rate at commercial rates, all are mature within 3 months from the date of the deposit

8. SHARE CAPITAL

	30 June 2011 Reviewed	31 December 2010 Audited
<i>Authorized</i>		
100,000,000 Ordinary shares of QR 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<i>Issued</i>		
41,580,000 ordinary shares of QR 10 each (2010: 34,650,000 shares)	<u>415,800,000</u>	<u>346,500,000</u>

During the period, the company has issued bonus shares equivalent to 20% of the paid up capital amounting to QR 69,300,000 (6,930,000 shares), as approved by the Annual General Assembly held on 16 March 2011.

9. RELATED PARTIES

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

QATAR FUEL Q.S.C (WOQOD)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2011

In Qatari Riyals

9. RELATED PARTIES (CONTINUED)

a) Transactions made with related parties

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

	30 June 2011 Reviewed	30 June 2010 Reviewed
I. Qatar Petroleum / Purchases	<u>3,820,586,559</u>	<u>2,577,621,826</u>
II. Qatar Petroleum / Sales	<u>35,701,568</u>	<u>36,194,697</u>

b) Due to a related party

	30 June 2010 Reviewed	31 December 2010 Audited
Qatar Petroleum / Non-current	<u>21,136,583</u>	<u>33,818,533</u>
Qatar Petroleum / Current	<u>2,128,812,995</u>	<u>1,575,414,041</u>

d) Compensation to key management personnel

	30 June 2011 Reviewed	30 June 2010 Reviewed
Salaries and other short term benefits	<u>3,171,343</u>	<u>2,936,429</u>
Post-employment benefits	<u>181,888</u>	<u>168,415</u>
	<u>3,353,231</u>	<u>3,104,844</u>

10. REVENUE

	30 June 2011 Reviewed	30 June 2010 Reviewed
Sale of aviation fuel	2,544,715,353	1,557,605,089
Sale of refined products	2,334,749,919	1,843,259,876
Transportation and other revenue	<u>120,084,563</u>	<u>107,923,622</u>
	<u>4,999,549,835</u>	<u>3,508,788,587</u>

11. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share amounts are calculated by dividing the net profit for the period attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding at the reporting date.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	30 June 2011 Reviewed	30 June 2010 Reviewed (Restated)
Profit for the period attributable to equity holders of the parent company	599,471,004	548,946,415
Weighted average number of ordinary shares outstanding during the period	41,580,000	41,580,000
Basic and diluted earnings per share	14.42	13.20

Basic and diluted earnings per share for the period ended 30 June 2010 before restatement for the bonus shares issue amounted to QR 15.84.

12. CONTINGENT LIABILITIES

	30 June 2011 Reviewed	31 December 2010 Audited
Bank guarantees	2,292,000	210,000
Letters of credit	6,169,348	11,853,479

13. CAPITAL COMMITMENTS

	30 June 2011 Reviewed	31 December 2010 Audited
Heavy fuel oil project	325,000,000	325,000,000
Construction of petrol stations	37,034,210	53,565,310

14. SEGMENT INFORMATION

The Group mainly operates in the areas of sale and distribution of refined petroleum products, technical inspection of vehicles and marine transportation. As more than 95% of the Group's revenue is generated through sale and distribution of refined petroleum products, no detailed segment information is presented in these condensed consolidated interim financial statements.

15. COMPARATIVE INFORMATION

Comparative financial information for the previous period has been reclassified, where necessary, in order to conform to the current period's presentation.