

Qatar Fuel Q.S.C. (Woqod)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2012

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR FUEL Q.S.C (WOQOD)

Introduction

We have reviewed the accompanying interim consolidated financial statements of Qatar Fuel Q.S.C (WOQOD) (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2012, comprising of the interim consolidated statement of financial position as at 30 June 2012 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and the related explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34 – *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated 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 information 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. Consequently, it 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

The interim consolidated financial statements of the Group as of 30 June 2011 were reviewed and the consolidated financial statements as of 31 December 2011 were audited by another auditor, whose reports dated 15 August 2011 and 26 February 2012, respectively, expressed an unqualified review conclusion and audit opinion on those statements.

Ziad Nader
Of Ernst & Young
Auditor’s Registration No: 258

Date: 14 August 2012
Doha

Qatar Fuel Q.S.C (Woqod)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	<i>Notes</i>	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,743,135,666	1,645,464,974
Available-for-sale investments	4	467,613,425	374,000,778
Goodwill		132,935,132	132,935,132
		<u>2,343,684,223</u>	<u>2,152,400,884</u>
Current assets			
Inventories	5	265,492,716	250,216,533
Amounts due from related parties		76,997,033	61,610,732
Trade receivables	6	1,685,894,754	1,644,559,918
Prepayments and other receivables		102,624,636	100,257,899
Cash and bank balances		3,173,911,449	2,749,324,581
		<u>5,304,920,588</u>	<u>4,805,969,663</u>
TOTAL ASSETS		<u>7,648,604,811</u>	<u>6,958,370,547</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	519,750,000	415,800,000
Legal reserve		382,831,792	382,831,792
General reserve		30,078,234	30,078,234
Fair value reserve		14,554,170	49,755,297
Retained earnings		3,975,774,203	3,934,474,269
Equity attributable to the parent		<u>4,922,988,399</u>	<u>4,812,939,592</u>
Non-controlling interest		248,334,890	282,533,354
Total equity		<u>5,171,323,289</u>	<u>5,095,472,946</u>
Non-current liabilities			
Employees' end of service benefits		49,833,685	43,985,179
Current liabilities			
Payables and accruals		233,250,538	288,848,542
Amounts due to a related party	8	2,194,197,299	1,530,063,880
		<u>2,427,447,837</u>	<u>1,818,912,422</u>
Total liabilities		<u>2,477,281,522</u>	<u>1,862,897,601</u>
TOTAL EQUITY AND LIABILITIES		<u>7,648,604,811</u>	<u>6,958,370,547</u>

.....
H.E Abdulla Bin Hamad Al Attiyah
Chairman and President of the
Administrative control and Transparency
Authority

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

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

Qatar Fuel Q.S.C (Woqod)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six month period ended 30 June 2012

	Notes	<i>Six months ended 30 June</i>	
		<i>2012</i>	<i>2011</i>
		<i>QR</i>	<i>QR</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue	9	5,601,800,696	4,999,549,835
Direct costs		<u>(4,715,950,476)</u>	<u>(4,130,918,274)</u>
GROSS PROFIT		885,850,220	868,631,561
General and administration expenses		(269,223,578)	(249,023,570)
Depreciation on property, plant and equipment	3	(55,834,659)	(47,975,461)
Finance costs		-	(249,995)
Other income		86,719,591	98,762,214
PROFIT FOR THE PERIOD		<u>647,511,574</u>	<u>670,144,749</u>
Profit for the period attributable to:			
Equity holders of the parent		561,049,934	599,471,004
Non-controlling interest		86,461,640	70,673,745
		<u>647,511,574</u>	<u>670,144,749</u>
Basic and diluted earnings per share	10	<u>10.79</u>	<u>11.53</u>

Qatar Fuel Q.S.C (Woqod)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2012

	<i>Six months ended 30 June</i>	
	<i>2012</i>	<i>2011</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period	647,511,574	670,144,749
Other comprehensive income		
Net movement in fair value of available-for-sale investments	(35,861,231)	(12,229,368)
Other comprehensive income for the period	(35,861,231)	(12,229,368)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	611,650,343	657,915,381
Attributable to:		
Equity holders of the parent company	525,848,807	587,241,636
Non-controlling interest	85,801,536	70,673,745
	611,650,343	657,915,381

Qatar Fuel Q.S.C (Woqod)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2012

	Attributable to the equity holders of the Parent					Total QR	Non- controlling interest QR	Total QR
	Share capital QR	Legal reserve QR	General reserve QR	Fair value reserve QR	Retained earnings QR			
Balance at 1 January 2012 (Audited)	415,800,000	382,831,792	30,078,234	49,755,297	3,934,474,269	4,812,939,592	282,533,354	5,095,472,946
<i>Comprehensive income for the period:</i>								
Net profit for the period	-	-	-	-	561,049,934	561,049,934	86,461,640	647,511,574
Other comprehensive income	-	-	-	(35,201,127)	-	(35,201,127)	(660,104)	(35,861,231)
Total comprehensive income for the period	-	-	-	(35,201,127)	561,049,934	525,848,807	85,801,536	611,650,343
Issue of bonus shares (Note 7)	103,950,000	-	-	-	(103,950,000)	-	-	-
Dividends paid for 2011	-	-	-	-	(415,800,000)	(415,800,000)	-	(415,800,000)
Dividends paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	(120,000,000)	(120,000,000)
Balance at 30 June 2012 (Reviewed)	519,750,000	382,831,792	30,078,234	14,554,170	3,975,774,203	4,922,988,399	248,334,890	5,171,323,289
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)	-	-	-
Dividends paid for 2010	-	-	-	-	(346,500,000)	(346,500,000)	-	(346,500,000)
Dividends 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 14 form part of these interim consolidated financial statements

Qatar Fuel Q.S.C (Woqod)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2012

	<i>Six months ended 30 June</i>	
	<i>2012</i> <i>QR</i> <i>(Reviewed)</i>	<i>2011</i> <i>QR</i> <i>(Reviewed)</i>
OPERATING ACTIVITIES		
Profit for the period	647,511,574	670,144,749
Adjustments for:		
Depreciation on property, plant and equipment	59,214,441	49,850,942
Finance costs	-	249,995
Reversal of provision for doubtful debts	-	(40,850,000)
Provision for employees' end of service benefits	7,021,832	5,786,717
Dividend and interest income	(37,598,198)	(23,600,312)
	676,149,649	661,582,091
Working capital changes:		
Inventories	(15,276,183)	(22,188,277)
Accounts receivable and prepayments	(43,701,573)	(289,116,237)
Amounts due from a related parties	(15,386,301)	-
Amounts due to a related party	664,133,419	540,717,004
Payables and accruals	(55,598,004)	(1,105,908)
	1,210,321,007	889,888,673
Cash from operations	(1,173,326)	(1,122,439)
Employees' end of service benefits paid		
Net cash from operating activities	1,209,147,681	888,766,234
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(156,885,133)	(171,555,873)
Purchase of available-for-sale investments	(129,473,878)	(2,162,409)
Dividend and interest income	37,598,198	23,580,120
Net cash used in investing activities	(248,760,813)	(150,138,162)
FINANCING ACTIVITIES		
Finance costs	-	(249,995)
Dividend paid to non-controlling interest by a subsidiary	(120,000,000)	(70,000,000)
Dividends paid	(415,800,000)	(346,500,000)
Net cash used in financing activities	(535,800,000)	(416,749,995)
INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	424,586,868	321,878,077
Cash and cash equivalents at the beginning of the period	2,749,324,581	2,903,458,119
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,173,911,449	3,225,336,196

Qatar Fuel Q.S.C (Woqod)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2012

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 interim condensed consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred as the “Group” and individually as “Group entities”). The principal activities of the Group are the sale and distribution of refined petroleum products, vehicle inspection services, real estate services and marine transport. The Group operates primarily in the State of Qatar through its lines of business. The Group’s major subsidiaries included in these interim condensed consolidated financial statements are:

Name of the company	Country of Incorporation	Ownership percentage
Qatar Jet Fuel Company Q.S.C.	Qatar	60%
WOQOD Vehicle Inspection Company (“FAHES”) S.P.C.	Qatar	100%
WOQOD Marine Services Company S.P.C.	Qatar	100%
WOQOD International Company S.P.C.	Qatar	100%
WOQOD Kingdom Company S.P.C.	Kingdom of Saudi Arabia	100%
Ard Al Khaleej Real Estate S.P.C	Qatar	100%

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements are prepared in Qatar Riyals, which is the Company’s presentation functional currency.

These interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2011. In addition, results for the six month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2011 except for the adoption of new standards and interpretations as of 1 January 2012 noted below:

New standards, interpretations and amendments thereof, adopted by the Group

IFRS 7 Financial Instruments (Disclosures)

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when:

- Financial assets are derecognised in their entirety, but the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets).
- Financial assets are not derecognised in their entirety.

The amended disclosures are more extensive and onerous than previous disclosures. This amendment did not have any impact on the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*New standards, interpretations and amendments thereof, issued and effective but not relevant*

The following amendments to standards became effective in 2012, but did not have any impact on the accounting policies, financial position or performance of the Group.

Standard	Content
IAS 12	Income Taxes – Tax recovery of underlying assets (Amendment)
IFRS 1	First-time adoption – Severe hyperinflation and removal of fixed dates for first-time adopters (Amendment)

New standards issued and but not yet effective

The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

Standard/ Interpretation	Content	Effective date
IFRS 9	Financial Instruments: Classification & Measurement (Part 1)	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (Amendment)	1 January 2013
IAS 19	Employee Benefits (Revised)	1 January 2013

3 PROPERTY, PLANT AND EQUIPMENT

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Cost:		
At 1 January	2,087,753,767	1,702,360,994
Additions	156,885,133	385,392,773
Disposals	(205,000)	-
Balance as at the end of the period / year	<u>2,244,433,900</u>	<u>2,087,753,767</u>
Depreciation:		
At 1 January	442,288,793	313,769,576
Charge for the period / year	59,214,441	111,976,324
Relating to disposals	(205,000)	-
Impairment	-	16,542,893
Balance as at the end of the period / year	<u>501,298,234</u>	<u>442,288,793</u>
Net carrying amounts	<u>1,743,135,666</u>	<u>1,645,464,974</u>

Qatar Fuel Q.S.C (Woqod)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2012

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

- (i) Depreciation expenses amounting to QR 3,379,782 (30 June 2011: QR 1,875,481) have been included in the Direct costs and an amount of QR 55,834,659 (30 June 2011: 47,975,461) have been included as a separate line item in the Statement of income.
- (ii) The land on which the petrol stations are constructed is not owned or leased by the Company. The Company is occupying the land based on an allotment letter from the Ministry of Municipality and Urban Planning without a defined lease term or payments.

4 AVAILABLE-FOR-SALE INVESTMENTS

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Balance as at 1 January	374,000,778	225,004,874
Acquired during the period/year	129,473,878	167,264,358
Changes in fair value for the period/year	(35,861,231)	(14,125,994)
Impairment	-	(4,142,460)
	<u>467,613,425</u>	<u>374,000,778</u>
Balance as at the end of the period / year		

5 INVENTORIES

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Refined petroleum products	206,108,746	194,751,138
Maintenance materials and parts	43,638,894	38,853,668
Other inventories	15,745,076	16,611,727
	<u>265,492,716</u>	<u>250,216,533</u>

6 TRADE RECEIVABLE

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Trade and other receivables	1,686,628,631	1,645,295,045
Provision for bad and doubtful debts	(733,877)	(735,127)
	<u>1,685,894,754</u>	<u>1,644,559,918</u>

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

7 SHARE CAPITAL

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
<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>		
51,975,000 (2011: 41,580,000 shares) ordinary shares of QR 10 each	<u>519,750,000</u>	<u>415,800,000</u>

During the period, the Company issued bonus shares equivalent to 25% of the paid up capital amounting to QR 103,950,000 (10,395,000 shares), as approved by the Annual General Assembly held on 13 March 2012.

8 RELATED PARTY DISCLOSURES

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.

Transactions made with related parties

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

	<i>30 June 2012 QR (Reviewed)</i>	<i>30 June 2011 QR (Reviewed)</i>
Qatar Petroleum / Purchases	<u>4,268,120,827</u>	<u>3,820,586,559</u>
Qatar Petroleum / Sales	<u>39,979,752</u>	<u>35,701,568</u>

Due to a related party

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Qatar Petroleum	<u>2,194,197,299</u>	<u>1,530,063,880</u>

Compensation to key management personnel

	<i>30 June 2012 QR (Reviewed)</i>	<i>30 June 2011 QR (Reviewed)</i>
Salaries and other short term benefits	<u>3,329,910</u>	<u>3,171,343</u>
Post-employment benefits	<u>190,982</u>	<u>181,888</u>
	<u>3,520,892</u>	<u>3,353,231</u>

Qatar Fuel Q.S.C (Woqod)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2012

9 REVENUE

	<i>30 June 2012 QR (Reviewed)</i>	<i>30 June 2011 QR (Reviewed)</i>
Sale of aviation fuel	3,027,638,647	2,544,715,353
Sale of refined products	2,452,318,458	2,334,749,919
Transportation and other revenue	<u>121,843,591</u>	<u>120,084,563</u>
	<u>5,601,800,696</u>	<u>4,999,549,835</u>

10 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding at the reporting date. The basic and diluted earnings per share are the same as the Company has not issued any instruments which would have an impact on the earnings per share when exercised.

	<i>30 June 2012 QR (Reviewed)</i>	<i>30 June 2011 QR (Reviewed)</i>
Profit for the period attributable to equity holders of the parent	561,049,934	599,471,004
Weighted average number of ordinary shares outstanding during the period	<u>51,975,000</u>	<u>51,975,000</u>
Basic and diluted earnings per share	<u>10.79</u>	<u>11.53</u>

During the year 2011, the Company issued bonus shares for the year 2010. During 2012, the Company issued further bonus shares for the year 2011. Accordingly, the previously reported earnings per share as at 30 June 2011 have been restated for the effects of this transaction.

The weighted average number of shares has been calculated as follows:

	<i>30 June 2012 QR (Reviewed)</i>	<i>30 June 2011 QR (Reviewed)</i>
Qualifying shares at beginning of the period	41,580,000	34,650,000
Effect of bonus shares issued for 2010	-	6,930,000
Effect of bonus shares issued for 2011	<u>10,395,000</u>	<u>10,395,000</u>
Weighted average number of shares outstanding	<u>51,975,000</u>	<u>51,975,000</u>

11 CONTINGENT LIABILITIES

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Bank guarantees	<u>1,820,000</u>	<u>300,000</u>
Letters of credit	<u>1,255,728</u>	<u>12,545,230</u>

12 CAPITAL COMMITMENTS

	<i>30 June 2012 QR (Reviewed)</i>	<i>31 December 2011 QR (Audited)</i>
Construction of petrol stations	<u>133,000,000</u>	<u>108,000,000</u>

13 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- sale and distribution of refined petroleum products,
- technical inspection of vehicles and
- marine transportation.

The Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. As more than 95% of the Group's revenue is generated through sale and distribution of refined petroleum products in the State of Qatar, no detailed segment information is presented in these interim condensed consolidated financial statements.

14 COMPARATIVE INFORMATION

Comparative financial information for the previous period has been reclassified, where necessary, in order to conform to the current period's presentation. Such reclassifications do not effect the previously reported net profit or shareholders' equity.