

INVITATION TO ATTEND THE ANNUAL GENERAL MEETING

The Board of Directors of Qatar Fuel (WOQOD) are pleased to invite the shareholders to attend the Annual General Meeting, which will be held at The Ritz Carlton Hotel, on Monday 25 March 2019, at 4:30 PM. In the absence of quorum, the meeting shall be postponed to Monday, 1st April 2019 at the same time at the Abdullah Bin Hamad Al-Attiyah Auditorium, WOQOD Tower.

Agenda of the Annual General Meeting:

1. Opening speech by the Chairman of the Board of Directors.
2. Present and approve the Board of Directors Report for the year that ended on 31st December, 2018.
3. Discuss and approve the External Auditors' Report on the financial information 2018.
4. Discuss and approve the Financial Statements for 2018.
5. Approval of recommendation of the Board to distribute cash dividend of 80% for the year 2018.
6. Discuss and approve the Corporate Governance Report for the year 2018.
7. Consider discharging the members of the Board of Directors, and approve their remuneration.
8. Reappoint the External Auditor for the year 2019.

Notes:

- Exclusively for the inspection of the shareholders, a detailed statement will be available, 7 days before the AGM, showing the remuneration, attendance fees of meetings and expenses, allowance and privileges received in kind by the Chairman and each member of the Board of Directors at WOQOD Tower.
- All shareholders are requested to be present at the venue of the meeting one hour before the start time of the meeting, to register their attendance.
- A shareholder may appoint another shareholder to attend the meeting on his behalf, using the proxy form available on the company's website (www.wqod.com), duly signed. In case of company, the proxy form must be signed by the authorized person(s) and company stamp must be affixed.
- It is not permitted to grant proxy to a non-shareholder or to a member of Board of Directors. The number of shares held by a proxy holder must not exceed 5% of the Paid-up capital (4,971,279 shares).
- Dividends will be distributed from the next working day after being approved at the AGM and can be collected from any QNB branch.
- This invitation shall be considered as a legal invitation for all shareholders without the need to send private invitations through mail in accordance with Law No. (11) For 2015.

BOARD OF DIRECTOR'S REPORT - SUMMARY

WOQOD continued to build on the pace of development and positive transformation in 2018, where by all performance indicators showed good results.

WOQOD gives utmost priority to the quality, health, safety and environment (QHSE) at work place. All performance indicators for 2018 showed a noticeable improvements in HSSE where our policies and procedures in such activities have helped us to achieve zero fatalities and goog improvement in Lost Time Incident Frequency.

The net income attributable to the shareholders amounted to QAR 1,160 million in 2018, an increase of 20%, as compared to QAR 964 million in 2017. Earnings Per Share (EPS) grew by 20% to QAR 11.7 in 2018 as compared to QAR 9.7 in 2017. These positive results are largely attributed to the company's policies over the past two years towards improving the efficiency of operations and cost optimization.

WOQOD has opened record 32 petrol stations in 2018, an increase of 62% in the number of stations opened since its establishment in 2002. The company has not only built fuel stations, but also enhanced the efficiency and effectiveness of petrol stations by increasing the number of fuel dispensers by 61%. This has shortened the fueling time at the station and improved customer satisfaction. The company aims to increase the total number of petrol stations to 134 by 2020.

In terms of sales of petroleum products, WOQOD achieved record sales of 10.3 billion liters in 2018 and an overall increase of 4.2% as compared to 2017. Jet fuel growth was more than 10% and almost reached 5 billion liters.

WOQOD has successfully renewed its regulated fuel product and jet fuel agreements with QP for 5 years, and HFO Supply Agreement for two years.

The steps for renewal of WOQOD concession for 5 years has advanced further after the endorsement of the Council of Ministers to the same. The renewal of above agreements and concession will provide further stability to the company operations and will help in achieving future growth.

WOQOD has completed expansion of its bitumen plant facility with a new storage capacity of 15,000 metric tons. The expansion will allow the company to retain its market share and deliver bitumen products to customers at competitive prices. The remaining parts of the project will be finalized by the coming April 2019.

In regards to WOQOD's subsidiaries, QJet revenues and volume increased by more than 45% and 10% respectively. WOQOD Vehicle Inspection Company (FAHES) has increased its revenues by more than 50% in 2018. The company has signed a new 5 years agreement with MOI in June and will continue to be the sole authority for vehicle inspection in the State of Qatar. WOQOD Marine achieved a net profit of QAR 47 million compared to QAR 29 million for the year 2017.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")

Report on the audit of the Consolidated Financial Statements Opinion

We have audited the consolidated financial statements of Qatar Fuel Company Q.P.S.C. ("WOQOD") (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in State of Qatar and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

See note 2 and 3 to the consolidated financial statements

Description of key audit matters

Transition and Adoption of IFRS 9 "Financial Instruments"

We focused on this area because:

- IFRS 9 "Financial Instruments" (hereafter "IFRS 9"), which the Group implemented on 1 January 2018:
- Requires complex accounting treatments, including use of significant estimates and judgements for the determination of adjustments on transition; and
- Resulted in significant changes to processes, data and controls that needed to be tested for the first time.
- Transition to IFRS 9 has resulted in an adjustment of QAR 118,381,862 to the Group's retained earnings as at 1 January 2018. The Group also recognized QAR 34,251,907 as expected credit losses on financial assets in 2018 as a result of adopting IFRS 9 in the statement of profit or loss during the year.

How the matter was addressed in our audit

Our audit procedures in this area included, among other:

- Evaluating the appropriateness of the selection of accounting policies based on the requirements of the new standards, our business understanding and industry practice.
- Evaluating management's process for the selection of the "expected credit loss" methodology.
- Evaluating the reasonableness of management's key assumptions / judgements over classification and measurement decisions.
- Involving financial risk management specialist to challenge key assumptions / judgements used in the methodology.
- Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments and calculating the expected credit losses for the year.
- Evaluating the completeness, accuracy and relevance of the disclosures in line with the relevant accounting standards.

See note 2, 3, 4 and 6 to the consolidated financial statements

Description of key audit matters

Property, plant, equipment (PPE)

We focused on this area because:

- The determination of useful lives and depreciation charge of the vessels included within the property, plant and equipment requires management to make considerable judgement and estimations;
- Within its property, plant and equipment balance, the Group held lands under the revaluation model and appointed an independent real estate valuation expert to determine the value of the properties as at 31 December 2018. The valuation expert has exercised judgements particularly in determining the relevant valuation models and inputs to the models.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Evaluating the Group's process of estimation of the useful economic lives and the residual values;
- Comparing and benchmarking the useful life and residual values based on our industry knowledge to identify the appropriateness;
- Evaluating the recognition criteria applied to the costs incurred and capitalized during the financial year against the requirements of the relevant accounting standards;
- Assessing the depreciation methodology used and the appropriateness of the key assumptions based on our industry knowledge;
- Recalculating the depreciation charge and comparing it with the depreciation charge reported in the consolidated financial statements;
- Assessing objectivity, independence and competency of the valuation expert appointed by the Group;
- Involving our own real estate valuation expert to evaluate the appropriateness of assumptions used by the valuation expert; and
- Evaluating the adequacy of the disclosures in the consolidated financial statements in line with the relevant accounting standards.

See note 2, 3 and 21 to the consolidated financial statements

[Description of key audit matters](#)

Revenue recognition

- We focused on this area because revenue amounted to QR 23,149,150,395 for the year ended 31 December 2018 (2017: QR 17,371,858,012) with a 33% growth.
- The Group adopted IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2018.
- Revenue is an important measure used to evaluate the performance of the Group and is generated from various sources. While revenue recognition and measurement are not complex for the Group, revenues may be inappropriately recognized in order to improve business results and achieve revenue growth in line with the objectives of the Group, thus increasing the risk of material misstatement.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the selection of accounting policies based on the requirements of the IFRS 15, our business understanding and industry practice.
- Involving our IT specialist to test the revenue recognition process, which includes testing of automated controls, including interface controls between different information technology systems and the design and operating effectiveness over the recording of revenue transactions.
- Assessing whether sales transactions either side of the statement of financial position date as well as credit notes issued after year end are recognised in the correct period.
- Testing journal entries posted to revenue accounts, with special focus on manual adjustments and any unusual or irregular items.
- Evaluating the completeness, accuracy and relevance of disclosures required by IFRS 15.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report ("Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the annual report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Articles of Association and the amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2018.

Yacoub Hobeika

KPMG

Qatar Auditors' Registry Number 289
Licensed by QFMA : External Auditor's
License No. 120153

25 February 2019

Doha

State of Qatar

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2018	2017
ASSETS		
Non-current assets		
Property, plant and equipment	2,661,163	1,707,437
Investment properties	906,226	909,121
Investment securities	1,485,015	1,630,919
Goodwill	132,935	132,935
Total non-current assets	5,185,339	4,380,412
Current assets		
Inventories	422,450	414,316
Due from related parties	433,896	529,102
Trade receivables	2,517,504	2,295,551
Prepayments and other receivables	220,404	448,395
Cash and bank balances	4,995,186	4,363,470
Total current assets	8,589,440	8,050,834
TOTAL ASSETS	13,774,779	12,431,246
EQUITY AND LIABILITIES		
EQUITY		
Share capital	994,256	994,256
Legal reserve	497,791	497,128
Fair value reserve	(7,485)	(128,075)
Revaluation surplus	531,793	-
Retained earnings	6,014,885	5,708,491
Equity attributable to equity holders of the parent	8,031,240	7,071,800
Non-controlling interests	247,383	290,060
TOTAL EQUITY	8,278,623	7,361,860
LIABILITIES		
Non-current liabilities		
Due to related parties	232,776	-
Finance lease liability	25,441	-
Employees' end of service benefits	91,544	130,532
Total non-current liabilities	349,761	130,532
Current liabilities		
Due to related parties	4,396,582	4,229,516
Finance lease liability	6,325	-
Trade and other payables	743,488	709,338
Total current liabilities	5,146,395	4,938,854
TOTAL LIABILITIES	5,496,156	5,069,386
TOTAL EQUITY AND LIABILITIES	13,774,779	12,431,246

These Consolidated Financial Statements were approved by the Board of Directors and signed on its behalf by the following on 25 February 2019:

Ahmad Saif Al-Sulaiti
Chairman

Saad Rashid Al-Muhannadi
Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2018	2017
Revenue	23,149,150	17,371,858
Cost of sales	(22,000,565)	(16,192,712)
Gross profit	1,148,585	1,179,146
Other income	466,956	345,699
General and administrative expenses	(371,577)	(428,773)
Net profit for the year	1,243,964	1,096,072
Attributable to:		
Owners of the Company	1,160,112	964,117
Non-controlling interest	83,852	131,955
Net profit for the year	1,243,964	1,096,072
Basic earnings per share (expressed in QR per share)		
	11.67	9.70

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2018	2017
Net profit for the year	1,243,964	1,096,072
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Net change in fair value of investment securities	-	(262,120)
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of investment securities	140,326	-
Revaluation surplus for the year	531,793	-
Other comprehensive income / (loss) for the year	672,119	(262,120)
Total comprehensive income for the year	1,916,083	833,952
Attributable to:		
Owners of the company	1,829,770	710,473
Non-controlling interest	86,313	123,479
	1,916,083	833,952

Note: The above published financial information are not the full set of the consolidated financial statements. The published audit report of the independent auditor is issued on the full set of consolidated financial statements which are available on the Company's website: www.wqod.com