ANNUAL REPORT
2018

وقود
WOQOD

Successful Transformation

Driving energy
woqod.com

وقود الدولية WOQOD INTERNATIONAL

وقود البحرية WOQOD MARINE

QJet كيوجت

FAHES فاحص

In the name of Allah
the Most Gracious, the Most Merciful

H.H. SHEIKH TAMIM BIN HAMAD AL THANI

THE EMIR OF THE STATE OF QATAR

H.H. SHEIKH HAMAD BIN KHALIFA AL THANI

THE FATHER EMIR

Content

Board of Directors

Mr. Ahmad Saif Al-Sulaiti
Chairman of the Board of Directors
Qatar Fuel Company Q.P.S.C. ("WOQOD")

Mr. Mohammed Nasser Mubarak Al-Hajri
Vice-Chairman

Sheikh Saoud Bin Khalid Hamad Al Thani
Member - Board of Directors

Mr. Abdulrahman Saad Zaid Al-Shathri
Member - Board of Directors

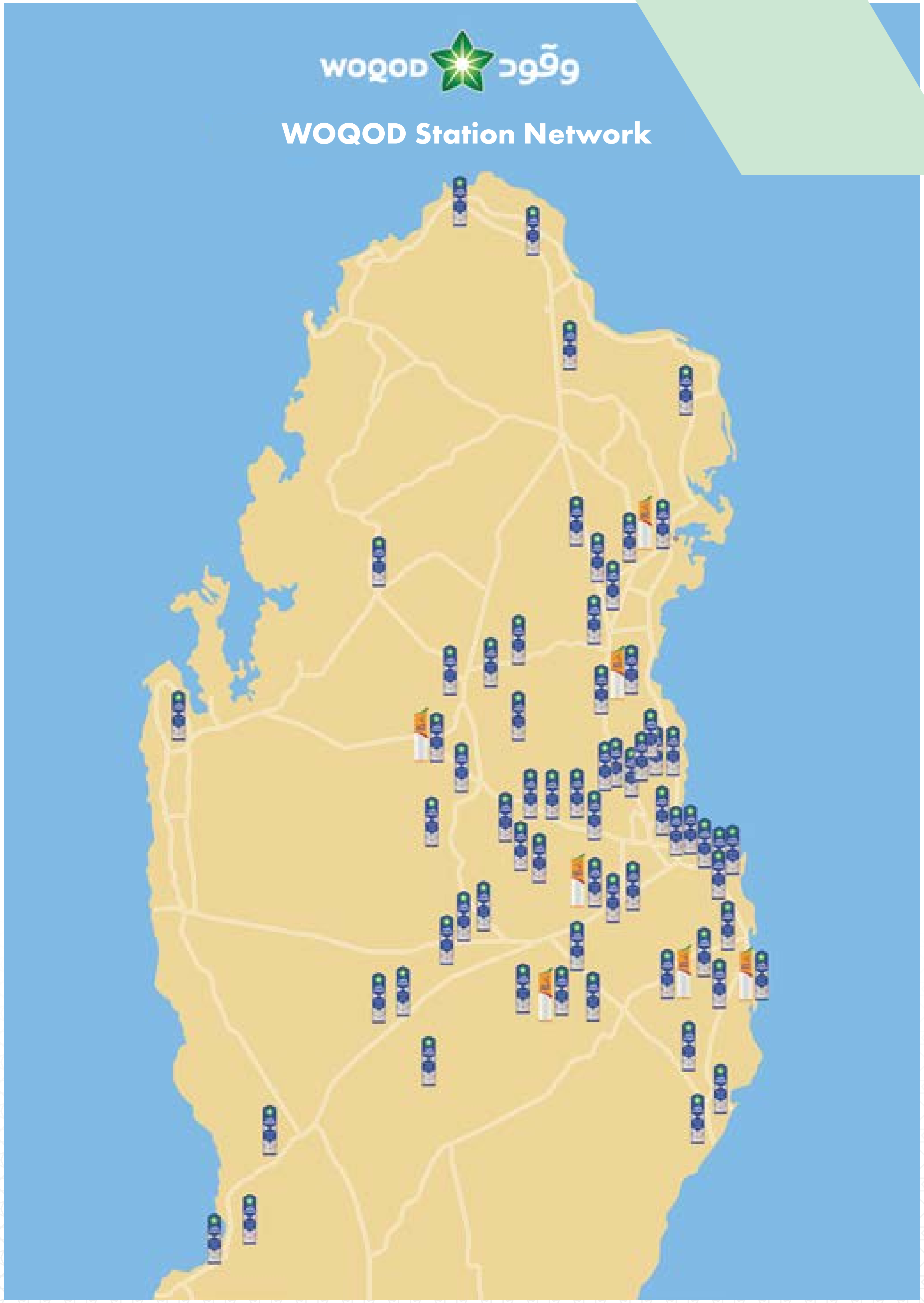
Mr. Nasser Sultan N Al-Hemaidi
Member - Board of Directors

Mr. Faisal Al-Hammadi
Member - Board of Directors

Mr. Mohammed Abdulaziz Saad Rashed Al-Saad
Member - Board of Directors

Mr. Mohd Khalid GH. Al-Ghanem
Member - Board of Directors

Mr. Ali Hassan Salem Abdulla Al-Khalaf
Member - Board of Directors



Our Profile

Qatar Fuel Company Q.P.S.C. ("WOQOD") was incorporated as a Joint Stock Company on 2nd July, 2002 with an Amiri Decree aimed at providing downstream-refined fuel storage, distribution and marketing services in the State of Qatar. WOQOD came out with its Initial Public Offering in 2003 and became Qatari Public Shareholding Company. Listed on Qatar Exchange, its shares are publically traded. WOQOD is a strong brand and is synonymous with quality fuel distribution network aimed at providing its customer with high quality services in a professional manner, following international standards and employing the latest technology. At WOQOD, we benchmark ourselves with the best in the world of downstream business.

The heart of WOQOD's business is its fuel products. WOQOD ensures fueling any mode of transportation on ground; water or air - by supplying diesel and gasoline for vehicles; marine fuel for sea-going vessels; aviation fuel for aircrafts. WOQOD has its fuel distribution depots conveniently located at Abu Hamour and Ras Laffan

WOQOD at a Glance

Revenues for 2018	QAR 23.2 billion
Fuel Sales for 2018	10.3 billion liters
Total Assets as at 31 Dec 2018	QAR 13.8 billion

WOQOD has heavily invested in a variety of enabling distribution infrastructure through a fleet of dedicated road tankers and extensive network of Petrol Stations. WOQOD owns vessels for supplying marine fuel on high seas. WOQOD operates the Fuel Supply Facilities at Hamad International Airport to fuel all aircrafts. WOQOD distributes unleaded gasoline, being the first in GCC country to convert to fully unleaded gasoline and diesel has lowest sulfur content in the region.

Beside distribution of conventional fuel products, WOQOD is fulfilling the energy needs of residential, commercial and industrial users through modern and eco-friendly fuel products i.e. LPG and CNG. WOQOD supplies LPG to domestic customer using safer, lightweight and transparent fiberglass "SHAFAF" cylinders that are filled at the state of the art high-tech LPG filling plant. For industrial and commercial users, WOQOD supplies LPG tankers at customer sites.

WOQOD is also engaged in the business of supplying bitumen to fulfill road asphalting and construction needs within the State of Qatar.

WOQOD Lubricants have a complete range of automotive and industrial lubricants developed to suit all types of vehicles and industrial requirements. WOQOD Lubricants are designed to deliver superior performance and protection for extended periods.

WOQOD does retail marketing under the brand "SIDRA". This business aims at providing convenience by offering a wide range of its consumer products and food and beverage services at fuel stations. WOQOD has partnered with international brands to provide a one stop shop solution for other automotive requirements like tire service, automotive repair, car-wash, car accessories, etc.

OUR VISION

"To be the leading petroleum products and related services marketing company in the region"

OUR BRAND

Our brand is inspired by a strong Qatari heritage - the Sidra tree. The Sidra is endemic to Qatar, it is a tough tree, able to thrive in Qatar's desert environment. The Sidra tree is also known for its roots that go deep into the earth.

WOQOD, just like Sidra tree, strives to achieve best results for its stakeholders and have a strong presence in the market.

OUR BRAND VALUES

PROFESSIONAL
Everything WOQOD does internally and externally will be seen as a truly professional approach. We aspire to be the most professionally managed company in Qatar.

SOLID
WOQOD as a company is built on a solid foundation financially through its shareholders.

FRIENDLY
WOQOD is a friendly company to deal with and always approaches its customers in a friendly manner.

INNOVATIVE
WOQOD leads the market in innovative products, services and processes.

ACCOUNTABLE
WOQOD is truly accountable for all its business activities and their impact.

CHAIRMAN'S MESSAGE

I have the pleasure to present to you the Annual Report of the Board of Directors, comprising a brief review of the key performance indicators and financial results for WOQOD Group for the year 2018, along with WOQOD Group future phased and strategic plan.

Qatar economy is steadily progressing towards the achievement of its prescribed objectives and out-performing the targeted growth rates, thanks to the prudent policies of the State under the leadership of His Highness the Emir.

As regard to WOQOD Group, the group mobilized its efforts in furtherance of the accomplishment of its plans during the year and consolidating its role as a sole local fuel distributor, and endeavoring to increase its share in the market of transportation and distribution of petroleum products, natural gas, bunker fuel and bitumen, through the implementation of various projects, and provision of necessary infrastructures and contractual frameworks.

The company has deployed its efforts for consolidating its core activities of distribution and marketing of petroleum products along with associated activities. This has been positively reflected in the various performance indicators as detailed in the Board of Directors Report.

With respect to the company's financial performance for the year ended 31 December 2018, thanks to the efforts exerted by WOQOD towards the implementation of efficiency and cost optimization policy which yielded good results reflected in the improvement of financial results. WOQOD Group net profit (excluding minority interest) amounted to QAR 1,160 Million as compared to QAR 964 Million for the year 2017. Earnings Per Share (EPS) amounted to QAR 11.7 as compared to QAR 9.7 in 2017.

Considering the financial results achieved, and the need for major capital projects scheduled for implementation during the forthcoming years, the Board of Directors is pleased to recommend distribution of cash dividends of QAR 795 Million representing 80% of the nominal paid-up capital. This equals to a distribution of QAR 8 per share.

I would like to take the opportunity to thank our esteemed shareholders for their unfailing confidence in WOQOD and we would like to express our appreciation to the employees of the company for their sincere efforts and persistent endeavors in pursuit of company advancement, which has been reflected in the excellent financial results.

I hope that WOQOD will continue to deliver and render efforts in furtherance of the company goals for the benefit of all stakeholders.

Mr. Ahmad Saif Al-Sulaiti
Chairman of the Board of Directors

CEO'S MESSAGE

I am pleased to present to you major achievements of WOQOD Group for the financial year 2018, along with plans and projects for the coming period. The year 2018 was another distinguished year in WOQOD's continuous and persistent progress to make positive transformation where all the performance indicators showed good results as detailed in the Annual Report.

I would like to summarize the key achievements for the aforesaid year. As regards the financial performance and as highlighted by the Chairman, the company has achieved a significant development, where net income attributable to WOQOD shareholders amounted to QAR 1,160 Million as compared to QAR 964 Million for the year 2017, a 20% increase. This resulted in a corresponding increase of 20% in the earing per share (EPS) as compared to the year 2017.

These positive results are largely attributable to the policies adopted by the company during the last two years towards the enhancement of capability and efficiency and cost optimization in the various operations of the company.

With respect to fuel stations, WOQOD opened 32 new stations in the year 2018. This is equivalent to 62% of the number of stations opened since the establishment of WOQOD in 2002. It is worth noting that in addition to the considerable expansion of fuel stations, WOQOD enhanced the capability and efficiency of the stations through increasing the number of dispensers in the stations by 61%. This contributed to achieving considerable saving of time and effort for our honored customers.

In 2019, WOQOD will complete construction and start operation of 30 new fuel stations in different areas of the State of Qatar. The construction contracts for these stations have already been signed. WOQOD will thus be doubling the number of fuel stations, owned by the company until 2017, in only 2 years. This shows our commitment to our customers and will certainly have a positive impact in the provision of services.

Due to the expansion of fuel stations and dispensers as aforesaid, WOQOD's share of fuel retail market has increased to 70%. This has also been associated and supported by a simultaneous increase in Sidra stores sales and other related services in fuel stations.

With regard to the Bitumen Facilities Expansion Project, the Bitumen tanks providing 15,000 M.T. of storage capacity have already been completed. This expansion will allow WOQOD to retain its market share and deliver the product to customers in a timely manner and for a competitive price, and will also contribute to the optimization of costs of the storage services on board ships. The remaining parts of the project will be finalized by the coming April 2019.

With regard to vehicle technical inspection services (FAHES), the company continued its endeavors and completed 3 new inspection centers in 2018, thereby increasing the total number of centers in operation to 12 including mobile stations. This will facilitate our services to our respected customers. It is to be noted that, there is a center currently under construction that will be opened in 2019, and another in the design phase.

The company has concluded a number of contracts and agreements to ensure the sustainability of its business activities. The details are as follows:-

- With regard to fuel supply agreements, Regulated Products Sale & Purchase Agreement and Jet Fuel (Jet A-1) Sale & Purchase Agreement with Qatar Petroleum have both been renewed for a further period of five (5) years. HFO Sale & Purchase Agreement with Qatar Petroleum has also been renewed for two (2) years. It is worth nothing that petroleum products contracts account for more than 80% of the company's revenues. Similarly, arrangements are underway for renewing Butane Gas (LPG) Sale & Purchase Agreement.
- License granted to WOQOD Vehicle Inspection Company (FAHES) has been renewed for a further period of five (5) year by Ministry of Interior.
- The steps for renewal of WOQOD concession for five (5) years have advanced further after the endorsement of the Council of Ministers.

All indicators for Petroleum products sales have registered varying levels of increase in comparison with the year 2017, with the exception of bitumen and bituminous products, which registered a slight decrease driven by supply and demand factors.

Similarly, WOQOD subsidiaries revealed positive indicators, WOQOD vehicle Inspection Company (FAHES) revenue amounted to QAR 107 Million in 2018 as compared to QAR 78 Million in the year 2017. WOQOD Marine Service revenue amounted to QAR 75 Million as compared to QAR 80 Million in the year 2017 driven by dry docking, where as QJet revenue amounted to QAR 9.9 Billion as compared to QAR 6.8 Billion in 2017.

I would like to point out that in order to enhance the development of business and operations, in a safe and efficient manner, WOQOD has introduced a number of technical and accounting systems, policies and procedures regulating the company's business activities during the year 2018.

In line with compliance requirements, WOQOD has prepared and updated a set of policies and procedures compatible with its status as a public listed company. We have also achieved significant improvement in the fields of health and safety during the year 2018.

And last but not the least, I would like to convey my profound thanks and appreciation to Mr. Ahmad Saif Al-Sulaiti, Chairman of the Board of Directors and the respected board members for their prudent guidance and continuous support to the company.

Our thanks to all government authorities, public and private institutions, our honored shareholders and to WOQOD employees for their significant efforts in serving and developing the company.

We promise to exert more efforts and deliver our best to achieve the company's objective in future.

Saad Rashid Al-Muhannadi
Chief Executive Officer

WOQOD 2018 ACHIEVEMENTS

32	New Petrol stations (62% increase)	19%	Safety rate improvments
70%	Increase in fuel retail market share	20%	Increase in net profit
10bn Liters	Record fuel sales	13%	Decrease in cash opex
20%	Increase in Earnings Per Share (EPS)	5yrs	Concession approved by the cabinet
5yrs	Regulated fuel product SPA signed with QP	61%	Increase in fuel dispensers

BOARD OF DIRECTORS' REPORT

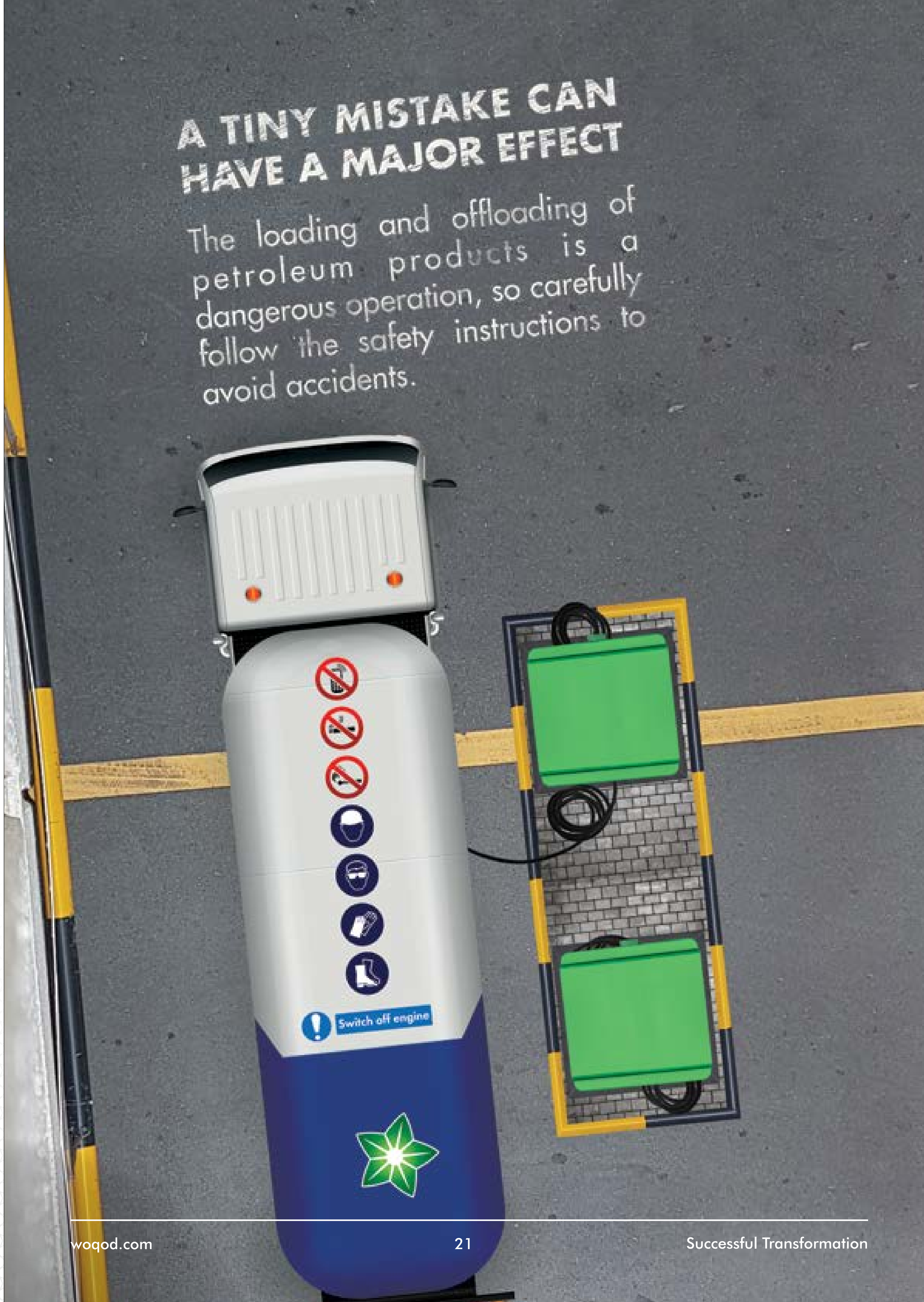
ENVIRONMENT, SOCIAL AND GOVERNANCE

WOQOD is committed to Environment, Social and Governance (ESG) Framework. As part of ESG framework, the company gives utmost priority to the quality, health, safety and environment (QHSE) at work place. In 2018, our process safety procedures have helped us to achieve zero fatalities among our employees and contractors. Moreover, our recorded Lost Time Incident Frequency (LTIF) has improved by 19%.

In terms of quality, the company's Quality Management System (QMS), aims at providing the service and/or product with the highest possible quality. WOQOD has successfully certified ISO compliance since 2010 to date.

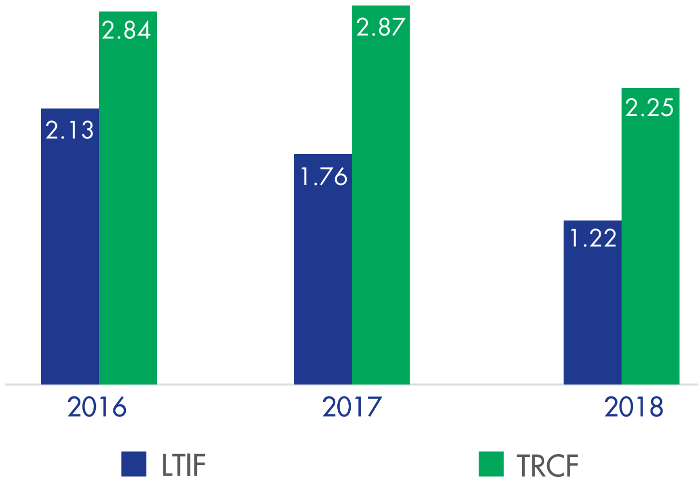
Some of the major achievements during the year were as follows:

- Zero (0) Loss Time Incident at depot operations during 2018.
- Road Safety Awareness Campaign for WOQOD road tanker operator (RTO) – videos were developed and in place as awareness/ training material.
- Occupational Health Medical Examinations and Biological Monitoring of staff at work.
- Heat Stress Management Program was activated form 1st April 2018.
- Installation of CCTV surveillance system was successfully completed in compliance with the Ministry of Interior for 21 petrol stations.
- IMS Certificate retained & continued for WOQOD (ISO 9001, ISO 14001 & OHSAS 18001), FAHES (ISO 9001 & ISO 14001) and QJET (ISO 9001)
- IMS Documentation centralized through ISO Compliance function for WOQOD & Subsidiaries
- Aligned department mandates to new organization structure.



WOQOD is continuously making efforts to increase quality and safety of its products and services to customers. In 2018, one of our main achievements was complete withdrawal of steel LPG cylinders. The entire country is now being served with Shafaf LPG cylinders only, the most advanced and safe cylinder in the market. Moreover, we have committed to only provide our bulk LPG customers with double layer tanks that can stand tough conditions and maintain its content from hazards like fire.

Lost Time Incident Frequency (LTIF)
Total Recordable Cases Frequency (TRCF)



IN ADDITION, SOME OF THE MOST NOTABLE ACTIVITIES THAT WOQOD STARTED FOR CONVENIENCE OF ITS CUSTOMERS ARE AS FOLLOWS:

POS card payment service
Launched at WOQOD stations

License plate fitment facility
launched at FAHES centers in Industrial Area, Egda and Wukair to reduce congestion

More than 800 LPG bulk customers
Converted to online ordering system (e-portal)

Deployed additional resources,
in coordination with QP, to meet HFO demand in the market

Delivered 100%
orders from Gas customers without delay

CORPORATE SOCIAL RESPONSIBILITY

WOQOD is committed to corporate social responsibility (CSR) and actively participates in activities and projects that support environment and local community. During the year, WOQOD took part in various events and activities as follows:

WOQOD, as a public company, contributes 2.5% of its annual net profit to Sports Authority Fund. However, it goes beyond this by supporting other non-profit organizations and education institutions in Qatar through in-kind support and training programs.

WOQOD conducted a career event for engineering graduates. The event was an opportunity for WOQOD to introduce the organization to the students and Alumni, in particular Qataris, and enhance networks. The event offered opportunities to the prospective candidates.

WOQOD participated in blood donation campaign for its employees, in cooperation with HMC and Oryx-GTL. The initiative is taken every year to promote the health and well-being of the community and to spread health awareness among staff.

WOQOD's Vehicles Inspection (FAHES), participated in the 34th Traffic Week 2018, by joining hands with General Traffic Directorate within the Ministry of the Interior's initiative to educate public regarding safe driving skills to reduce the road accidents. FAHES representatives explained the guiding principle behind the FAHES motto "Keeping an Eye on Your Safety". In addition, a mobile station along with the VIN stamping van was stationed, where live inspections were carried out.

FAHES participated in the International Traffic Safety Conference which was held at the Sheraton Doha on 26th and 27th of November 2018. The Event was organized by the College of Engineering of Qatar University, which provides opportunities for traffic safety interested individuals and organizations to discuss the main international challenges of traffic safety and its solutions.

CUSTOMER SATISFACTION

Customer satisfaction is paramount to our business activities and is embedded in our strategy and aspiration to become the best downstream energy company in the region. WOQOD has developed an index for measuring customer satisfaction and monitors it regularly through customers' survey and feedback. The index score above 4 indicates excellent customer satisfaction. The following stats show the continuous improvement that we have made in 2018.

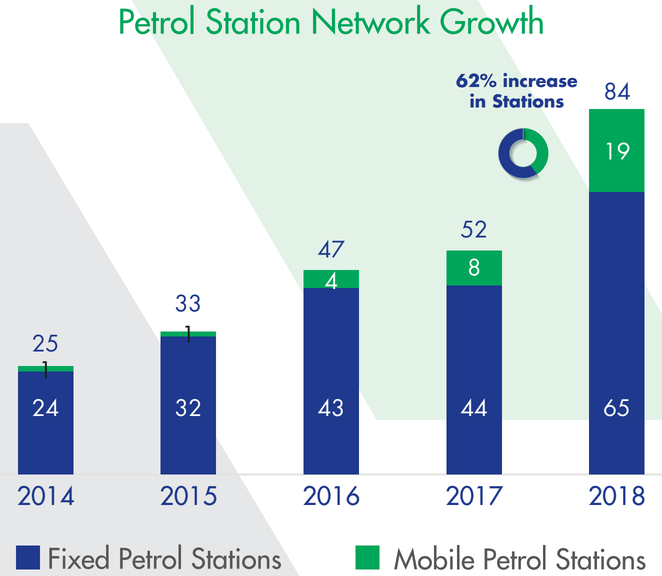
FAHES introduced new customer feedback system in April 2018, which was integrated with the inspection report delivered by SMS to customers. We have also conducted mystery shopper technique to measure the efficiency of our stations in delivering efficient and faster services for our customers.

Customer Satisfaction Survey	2018
WOQOD (B2C)	4.2
WOQOD (B2B)	4.2
FAHES	4.4

NETWORK GROWTH

PETROL STATION NETWORK:

WOQOD has significantly increased its petrol station network in 2018 with an increase of 32 new petrol stations including 11 mobile petrol stations. The total number of stations currently in operation reached to 84 petrol stations. Mobile stations have proven to be very successful in providing fuel to locations that have limited or no fueling options.



WOQOD fixed petrol stations feature state-of-the art technology with modern facilities including Sidra convenience store, auto and manual car wash, tire and lube bay, vehicle maintenance workshop, and ATM machines.

Mobile stations have proven to be very successful in providing fuel to locations that have limited or no fueling options.

In addition to the above, preparations for another 70 stations is in various stages. This includes 22 stations under construction stage, 23 under design and tender stage, while another 25 are under land allocation stage. WOQOD plans to expand its petrol stations network to 154 petrol stations by 2022.

A new FAHES inspection center was opened on 25th February 2018 in Al-Shahaniya for Light public and commercial vehicles. The center catered the inspection needs of Al- Shahaniya, Dukhan and Al Rayyan Area. FAHES also opened a Mobile inspection station on Salwa Road in January 2018 to meet the customers demand. The total number of FAHES centers has now reached to 12 including mobile stations. FAHES is planning to open one more station in 2019 for inspection of heavy vehicles.

Bitumen tanks providing 15,000 M.T. of storage capacity have already been completed. This expansion will allow WOQOD to retain its market share and deliver the product to customers in a timely manner and for a competitive price.

BUSINESS STRATEGY

WOQOD made significant achievements in streamlining its commercial business. The company signed a number of major agreements and contracts as follows:

- New Regulated Fuel Products SPA signed with QP for a term of 5 years.
- New Jet Fuel SPA signed with QP for a term of 5 years.
- New HFO SPA signed with QP for a term of 2 years.
- FAHES signed a new contract with MOI (Traffic Department) for a period of 5 years.

WOQOD is committed to maximize the shareholders' wealth and contribute to the community in line with Qatar National Vision 2030. This involves minimizing our impact on the environment through new technologies, improved facilities management and educating our stakeholders.

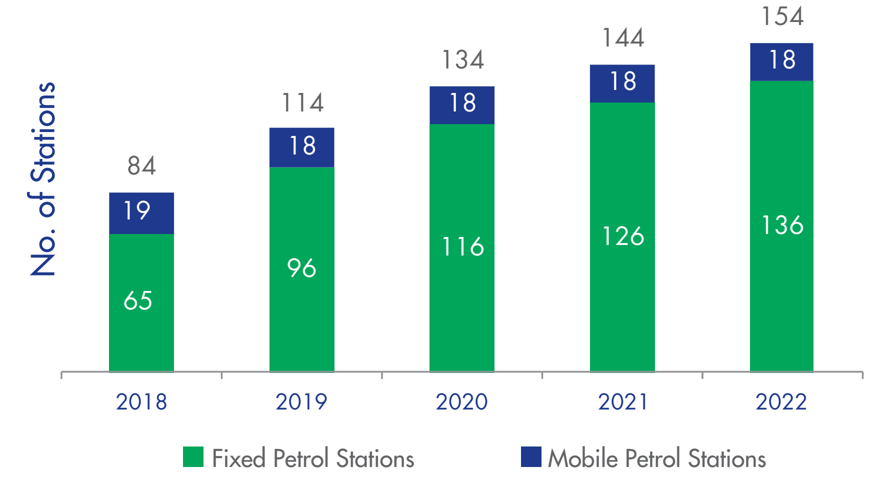
WOQOD's future growth requires maintaining market leadership position in core business, and achieve a tangible and sustainable business growth in non-core business.

Some of the main initiatives the company is currently working on are safety and business process improvement, network expansion, cost optimization, lubricant market growth, storage capacity addition and Qatarization.

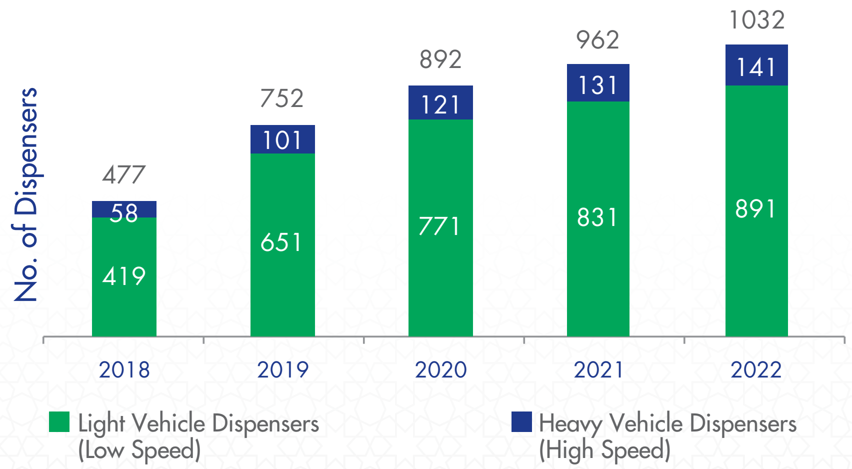
In 2019, the company is planning to achieve 15% reduction in loss time incidents, 90% compliance with planned medical examination, and 100% compliance with certified security and quality standards.

WOQOD has aggressive plans to increase its retail fuel market share to 85% by 2020. As at the end of 2018, WOQOD's Retail fuel market share increased by 12% (70% in 2018 vs. 58% in 2017) driven by the opening of new stations (see the chart below). The company is planning to build another 30 stations in 2019 and increase the number of fuel dispensers to ease congestion at the petrol stations.

Petrol Station Expansion Plan



Fuel Dispensers Ramp Up Schedule

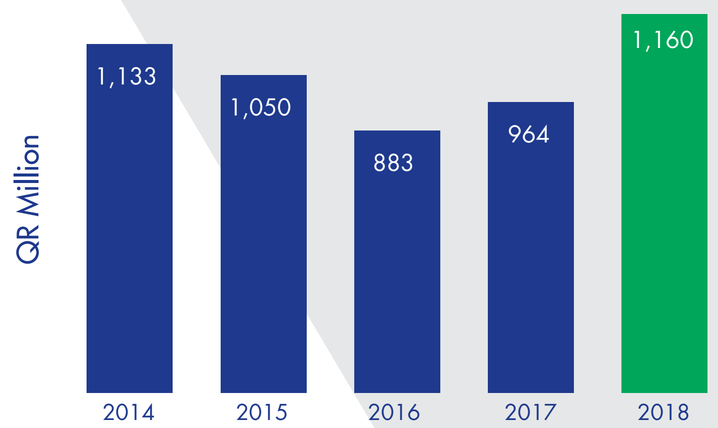


In terms of cost optimization, the company is targeting QAR 100 million through various initiatives including business process improvement. WOQOD is planning to increase Qatarization by 30% in 2019, which is currently at 39%.

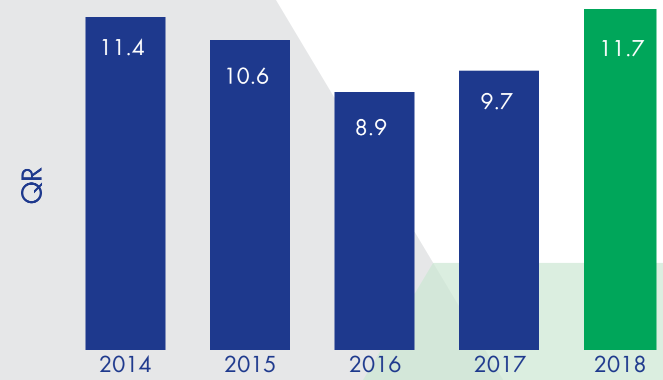
FINANCIAL PERFORMANCE

- Net Income attributable to WOQOD Shareholders increased by 20% as compared to 2017 driven by better margins, savings from cost optimization and higher returns from better cash management
- Cash expenses lower by QAR 131 Million (13%) driven by cost optimization initiatives and efficiency improvements, despite opening of new Petrol stations and three (3) FAHES inspection centers
- Return on Cash improved by 93% in 2018; improvement of QAR 67 Million (2018 actual of QAR 137 Million vs 2017 actual of QAR 70 Million)
- Fixed Asset base improved by 64% in 2018 (QAR 2.8 Billion vs. 2017 balance of QAR 1.7 Billion) as a result of new asset addition, capitalization of owners costs and revaluation of land based on fair value

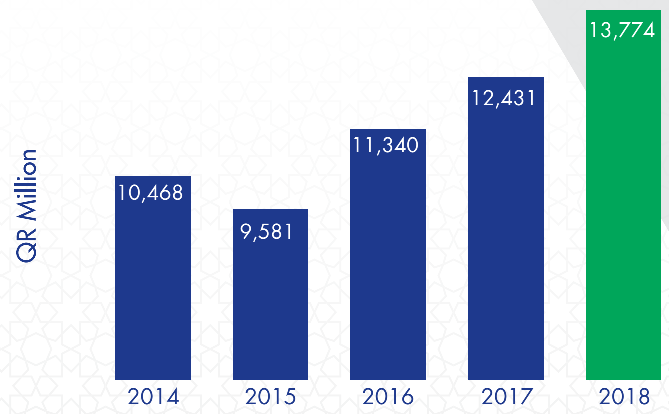
Net Profit attributable to Equity holders of the Parent



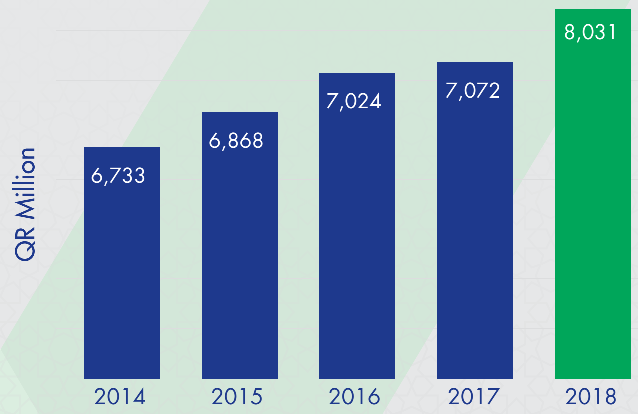
Earning per Share - Diluted



Total Assets



Shareholders' Equity



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.

Independent auditors' report – Qatar Fuel Company Q.P.S.C. ("WOQOD") (Continued)

See note 2 and 3 to the consolidated financial statements

Description of key audit matters	How the matter was addressed in our audit
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 QR 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.	Our audit procedures in this area included, among others: • 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 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.

Independent auditors' report – Qatar Fuel Company Q.P.S.C. ("WOQOD") (Continued)

Key Audit Matters (continued)

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

Description of key audit matters	How the matter was addressed in our audit
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.	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.

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

Independent auditors' report – Qatar Fuel Company Q.P.S.C. ("WOQOD") (Continued)

Key Audit Matters (continued)

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

Description of key audit matters	How the matter was addressed in our audit
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.	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 effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2018.

25 February 2019
Doha
State of Qatar

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

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Consolidated Statement of Financial Position
As at 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,661,163	1,707,437
Investment properties	7	906,226	909,121
Investment securities	8	1,485,015	1,630,919
Goodwill	9	132,935	132,935
Total non-current assets		5,185,339	4,380,412
Current assets			
Inventories	10	422,450	414,316
Due from related parties	11 (b)	433,896	529,102
Trade receivables	12	2,517,504	2,295,551
Prepayments and other receivables	13	220,404	448,395
Cash and bank balances	14	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	15	994,256	994,256
Legal reserve	16	497,791	497,128
Fair value reserve	17	(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	11 (c)	232,776	-
Finance lease liability	18	25,441	-
Employees' end of service benefits	19	91,544	130,532
Total non-current liabilities		349,761	130,532
Current liabilities			
Due to related parties	11 (c)	4,396,582	4,229,516
Finance lease liability	18	6,325	-
Trade and other payables	20	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

The notes on pages 43 to 75 form an integral part of these Consolidated Financial Statements.

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

	Note	2018	2017
Revenues	21	23,149,150	17,371,858
Cost of sales	22	(22,000,565)	(16,192,712)
Gross profit		**1,148,585**	1,179,146
Other income	23	466,956	345,699
General and administrative expenses	24	(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	25	**11.67**	9.70
(expressed in QR per share)			

The notes on pages 43 to 75 form an integral part of these Consolidated Financial Statements.

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

The notes on pages 43 to 75 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Consolidated Statement of Changes in Equity
For the year ended 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Attributable to the Owners of the company							
	Share Capital	Legal Reserve	Fair value Reserve	Revaluation Surplus	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 1 January 2017	912,161	486,159	125,569	-	5,500,053	7,023,942	258,495	7,282,437
Total comprehensive income for the year:								
Net profit for the year	-	-	-	-	964,117	964,117	131,955	1,096,072
Other comprehensive loss for the year	-	-	(253,644)	-	-	(253,644)	(8,476)	(262,120)
Total comprehensive income for the year	-	-	(253,644)	-	964,117	710,473	123,479	833,952
Transfer to legal reserve (Note 16)	-	10,969	-	-	(10,969)	-	-	-
Bonus shares issued	82,095	-	-	-	(82,095)	-	-	-
Cash dividends paid for 2016 (Note 26)	-	-	-	-	(638,513)	(638,513)	-	(638,513)
Contribution to social and sports fund	-	-	-	-	(24,102)	(24,102)	-	(24,102)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(91,914)	(91,914)
Balance at 31 December 2017	994,256	497,128	(128,075)	-	5,708,491	7,071,800	290,060	7,361,860
Balance at 1 January 2018	994,256	497,128	(128,075)	-	5,708,491	7,071,800	290,060	7,361,860
Adjustment on initial application of IFRS 9	-	-	(165,031)	-	118,383	(46,648)	2,965	(43,683)
Adjusted balance at 1 January 2018	994,256	497,128	(293,106)	-	5,826,874	7,025,152	293,025	7,318,177
Total comprehensive income for the year:								
Net profit for the year	-	-	-	-	1,160,112	1,160,112	83,852	1,243,964
Other comprehensive gain for the year	-	-	285,621	531,793	(147,756)	669,658	2,461	672,119
Total comprehensive income for the year	-	-	285,621	531,793	1,012,356	1,829,770	86,313	1,916,083
Sale of Fractional Shares	-	663	-	-	63	726	-	726
Cash dividends paid for 2017 (Note 26)	-	-	-	-	(795,405)	(795,405)	-	(795,405)
Contribution to social and sports fund	-	-	-	-	(29,003)	(29,003)	-	(29,003)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(131,955)	(131,955)
Balance at 31 December 2018	**994,256**	**497,791**	**(7,485)**	**531,793**	**6,014,885**	**8,031,240**	**247,383**	**8,278,623**

The notes on pages 43 to 75 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Consolidated Statement of Cash Flows
For the year ended 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		1,243,964	1,096,072
Adjustments for:			
Depreciation on property, plant and equipment	6	190,417	197,774
Depreciation on investment properties	7	32,345	36,172
Net impairment and gain on investment securities		13,469	69,492
Impairment for bad and doubtful debts	12 (b)	34,252	35,818
Impairment for slow moving inventories	10	5,979	1,346
(Reversal) / provision for employees' end of service benefits	19	(13,470)	82,129
Loss on sale of property, plant and equipment		1,495	17,387
Dividend income	23	(82,612)	(63,079)
Interest income	23	(146,969)	(103,800)
		1,278,870	1,369,311
Changes *in:*			
-inventories		(14,113)	(135,167)
-due from related parties		95,206	(44,840)
-trade receivable and prepayments		(71,899)	101,142
-trade and other payables		61,016	702,888
-due to related parties		399,842	355,700
Cash generated from operating activities		1,748,922	2,349,034
Employees' end of service benefits paid	19	(25,518)	(88,009)
Payment of contribution to sports fund		(24,102)	(22,078)
Net cash from operating activities		**1,699,302**	2,238,947
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,387	3,314
Additions to property, plant and equipment		(615,232)	(180,509)
Additions to investment properties	7	(29,450)	(7,774)
Dividends received	23	82,612	63,079
Interest received	23	146,969	103,800
Proceeds from sale of fraction shares		726	-
Purchase of investment securities		(957,955)	(447,407)
Proceeds from sale of investment securities		1,230,717	152,412
Net movement in the fixed deposit accounts		(639,800)	(769,992)
Net cash used in investing activities		**(780,026)**	(1,083,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	26	(795,405)	(638,513)
Dividends paid to non-controlling interest		(131,955)	(91,914)
Net cash used in financing activities		**(927,360)**	(730,427)
Net (decrease) / increase in cash and cash equivalents		(8,084)	425,443
Cash and cash equivalents at 1 January		3,172,478	2,747,035
Cash and cash equivalents at 31 December	14	**3,164,394**	3,172,478

The notes on pages 43 to 75 form an integral part of these Consolidated Financial Statements.

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

1. REPORTING ENTITY

Qatar Fuel Company Q.P.S.C. (WOQOD) (the "Company" or the "Parent") is a Qatari Public Shareholding Company formed in accordance with the Emiri Decree No. 5 of 2002 on 10 February 2002 with 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, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas and real estate services. WOQOD International, a subsidiary of the Group, is established to undertake foreign investments for the parent company. However, the Group mainly operates in the State of Qatar.

These Consolidated Financial Statements include the financial information of the controlled subsidiaries listed below:

Name of subsidiary	Country	Effective Group Shareholding %	
		2018	2017
WOQOD Vehicle Inspection Co. ("FAHES") W.L.L.	Qatar	100%	100%
Qatar Jet Fuel Company W.L.L.	Qatar	60%	60%
WOQOD Marine Services Co. W.L.L.	Qatar	100%	100%
WOQOD International Co. W.L.L.	Qatar	100%	100%
WOQOD Kingdom Co. W.L.L.	KSA	100%	100%
Ard Al Khaleej Real Estate W.L.L.	Qatar	100%	100%
Sidra Al Ghariya Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Zubarah Shipping Co.	Republic of Liberia	100%	100%
Sidra Ras Laffan Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Wakra Shipping Co.	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Co.	Republic of Liberia	100%	100%
Sidra Messaied Shipping Co.	Republic of Liberia	100%	100%
Sidra Qatar Shipping Co.	Republic of Liberia	100%	100%

The Consolidated Financial Statements of WOQOD for the year ended 31 December 2018 were authorised for issuance in accordance with a resolution of the Board of Directors on 25 February 2019.

2. BASIS OF PREPARATION

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). This is the first set of the Group's annual financial statements in which IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied. Changes to significant accounting policies are described in Note 4.

b) Basis of measurement

These Consolidated Financial Statements have been prepared under the historical cost convention except for investment securities and owned land, which have been measured at fair value.

2. BASIS OF PREPARATION (CONTINUED)

c) Functional and presentation currency

These Consolidated Financial Statements are presented in Qatari Riyals, which is the Group's functional currency. All financial information is presented in Qatari Riyals rounded to the nearest thousand of Qatari Riyal except where specifically stated.

d) Use of judgements and estimates

In preparing these Consolidated Financial Statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

i) Note 3 (c)- revenue recognition: whether revenue from sale of products is recognised at a point in time;
ii) Note 3 (p)- leases: whether an arrangement contains a lease; and
iii) Note 3 (p)- lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2018 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

i) Note 3 (i)- impairment test of goodwill: key assumptions underlying recoverable amounts:
ii) Note 3 (i)- measurement of Expected Credit Loss (ECL) allowance for trade receivables and bank balances: key assumptions in determining the weighted-average loss rate; and
iii) Note 3 (n)- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The valuation is reviewed for significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or valuation services, is used to measure fair values, then the valuation is assessed based on the evidence obtained from the third parties to support the conclusion. For measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. BASIS OF PREPARATION (CONTINUED)

e) Newly effective amendments and improvements to standards

During the current year, the below amended International Financial Reporting Standards ("IFRS" or "standards") and improvements to standards became effective for the first time for financial year ending 31 December 2018:

- IFRS 15 Revenue from Contracts with Customers
- Transfers of Investment Property (Amendments to IAS 40)
- IFRS 9 Financial Instruments
- Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above amended standards and improvements to standards had no significant impact on the Group's Consolidated Financial Statements except for IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at January 1, 2018. Accordingly, the information presented for 2017 has not been restated, that is, it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The adoption of IFRS 15 has no impact on the operating performance and financial condition of the Group.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 "Presentation of Financial Statements", which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Impairment losses on other financial assets are presented under 'general and administrative expenses.

Additionally, the Group has adopted consequential amendments to IFRS 7 "Financial Instruments: Disclosures" that are applied to disclosures for 2018 but have not been generally applied to comparative information. The following table summarises the impact, of transition to IFRS 9 on the opening balance of reserves, retained earnings and Non-Controlling Interest (NCI);

2. BASIS OF PREPARATION (CONTINUED)

e) Newly effective amendments and improvements to standards (continued)

IFRS 9 Financial Instruments (continued)

Line item impacted in the financial statements *(Amounts in thousands of QR)*	As reported at 31 December 2017	Estimated adjustments due to adoption of IFRS 9	Estimated adjusted opening balances as at 1 January 2018
Fair value reserve	(128,075)	(165,031)	(293,106)
Retained earnings	5,708,491	118,383	5,826,874
Non-Controlling Interest	290,060	2,965	293,025

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 does not have a significant effect on the Group's accounting policies related to financial liabilities.

(Amounts in thousands of QR)	*Original classification under IAS 39*	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*
Financial assets				
Equity securities	Available-for-sale	FVOCI – equity instrument	1,364,703	1,364,703
Debt securities	Available-for-sale	FVOCI – debt instrument	266,216	266,216
Due from related parties	Loans and receivables	Amortised cost	529,102	529,102
Trade and other receivables	Loans and receivables	Amortised cost	2,743,946	2,700,263
Cash and bank balances	Loans and receivables	Amortised cost	4,363,470	4,363,470
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	709,338	709,338
Due to related parties	Other financial liabilities	Other financial liabilities	4,229,516	4,229,516

2. BASIS OF PREPARATION (CONTINUED)

e) Newly effective amendments and improvements to standards (continued)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. During the first year of transition to IFRS9, the Group updated the Day 1 ECL opening adjustment that was published in the interim condensed consolidated financial statement from nil to QR 43.7 million, due to change in the underlying assumptions and presented through adjusting retained earnings.

Allowance for impairment of trade receivables *(Amounts in thousands of QR)*	**31 December 2017**
Opening balance	30,806
Additional impairment recognised at 1 January 2018	43,683
Adjusted opening balance	**74,489**

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively by adjusting the opening retained earnings.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

f) New standards, amendments and interpretations issued but not yet effective

The below new and amended standards that are available for early adoption for financial year ending 31 December 2018 are not effective until a later period and they have not been applied in preparing these Consolidated Financial Statements.

IFRS 16 Leases (Effective for year ending 31 December 2019)

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard.

2. BASIS OF PREPARATION (CONTINUED)

f) New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 16 Leases (Effective for year ending 31 December 2019) (continued)

i) Leases in which the Group is a lessee

Currently, the Group recognises operating lease expense on a straight-line basis over the term of the lease, and recognises assets and liabilities only to the extent that there are timing difference between actual lease payments and the expense recognised.

The Group will recognise new assets and liabilities for its operating leases of assets. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of QAR 49.4 million as at 1 January 2019.

ii) Leases in which the Group is a lessor

The Group will reassess the classification of sub-leases in which the Group is a lessor. Based on the information currently available, no significant impact is expected for leases in which the Group is a lessor.

iii) Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Adoption not expected to impact the Group's Consolidated Financial Statements

Effective for year ending after 31 December 2018	- IFRIC 23 Uncertainty over Tax Treatments - Prepayment Features with Negative Compensation (Amendments to IFRS 9) - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) - Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) - Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards - IFRS 17 Insurance Contracts

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of these Consolidated Financial Statements:

a) Basis of consolidation

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the Identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

iii) Non-controlling interests ('NCI')

NCI are measured initially at the proportionate share of the acquiree's identifiable net assets on the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised as profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, including any unrealized income and expenses, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

c) Revenue recognition

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.
The Group has adopted IFRS 15 using the cumulative effect method, with effect from 1 January 2018. Because of the nature of goods sold or services provided, the Group does not have a significant impact on its Consolidated Financial Statements due to application of IFRS 15.

i) Sale of petroleum products, liquid petroleum gas and other products

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition (continued)

ii) Rendering of services

The Group is involved in providing services related to vehicles inspection and transportation of refined petroleum products. Revenue from such services is recognized upon completion of services.

d) Other income

i) Interest income

Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Other Incomes.

ii) Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Rental income is included in Other Incomes.

iii) Dividend income

Dividend income is recognized when the right as a shareholder to receive payment is established.

e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are recognised at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses, except for land owned by the Group that is measured at fair value. Cost includes all costs necessary to bring the asset to working condition for its intended use and includes project management costs, that are directly attributable to the relevant asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current year and the comparative year are as follows:

Buildings and infrastructure	10-20 years
Plant and equipment	10-20 years
Vehicles, office equipment and furniture	5-10 years
Vessels	25-30 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property, plant and equipment (continued)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within profit or loss.

f) Capital work in progress

Capital work in progress comprises projects under construction and is carried at cost less impairment, if any. Capital work in progress is not depreciated. Once the construction of assets is completed and is put into use, they are capitalized to either the property, plant and equipment or the investment property depending on their use and depreciated accordingly.

g) Investment property

Investment property represents land and buildings that are occupied substantially for use by third parties and are held by the Group to earn rentals or capital appreciation.

Depreciation is calculated to write off the cost of items of investment properties using the straight-line method over the estimated useful lives of 20 years, and is recognised within profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

De-recognition

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of investment property are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within profit or loss.

h) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment and FVOCI – equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Policy applicable from 1 January 2018 (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset at FVTPL, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the EIR method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Policy applicable before 1 January 2018

The Group classified its financial assets into one of the following categories:

- loans and receivables; and
- available for sale.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the EIR method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition is recognised in profit or loss.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment

i) Non-derivative financial assets

Policy applicable from 1 January 2018

Financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment (continued)

i) Non-derivative financial assets (continued)

Policy applicable before 1 January 2018 (continued)

Credit-impaired financial assets (continued)

Measurementss of ECLs (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is more than 1 year past due and not secured by any guarantees, based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

i) Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of nine months to be prolonged.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment (continued)

i) Non-derivative financial assets (continued)

Policy applicable before 1 January 2018 (continued)

Financial assets measured at amortised cost

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include expenses incurred in bringing each product to its present condition and location and measured on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

j) Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

k) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Foreign currency differences are generally recognised in profit or loss.

l) Employees' end of service benefits

The Group provides end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labour Law and Civil Human Resources Law No. 15 of 2016 and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group makes contributions to the General Retirement and Social Insurance Authority in respect to its national employees which is calculated as a percentage of the employees' salaries.

m) Provision

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

n) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments which are determined based on the Group's management and internal reporting structure.

o) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Leases (continued)

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted for the first time IFRS 15 and IFRS 9 from 1 January 2018 along with a number of other new standards. The adoption of these standards does not have material effect on the Group's financial statements as described in the Note 2 (e).

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IAS 16 Property, Plant and Equipment

During the year, the Group has changed its policy of recognising the owned Land from cost model to revaluation model under IAS 16. The policy has been applied prospectively, due to practical difficulties in obtaining reliable information for previous reporting periods.

The following table summarises the impact of this change in accounting policy.

Line item impacted in the financial statements *(Amounts in thousands of QR)*	Closing balance before adjustment	Adjustments	Adjusted balance
Property, plant and equipment	2,239,194	531,793	2,770,987
Revaluation surplus	-	531,793	531,793

The lands were valued by external valuer, who issued his report on 2 January 2019.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

i) Risk management framework

The Company's Board of Directors has the overall responsibility for establishment and oversight of the Group's risk management framework. Risk management function is established, which is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables and due from related parties

The Group has 5,233 (2017: 3,404) customers with its largest 5 customers accounting for 81.7% (2017: 83.9%) of its trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing services on credit. Credit evaluations are performed on customers requiring credit and are approved by the Group's management.

The Group seeks to limit its credit risk by setting credit limits for individual customers. The Group further mitigates the credit risk by requesting bank guarantees in accordance with its credit policy. Management regularly monitors outstanding receivables and reviews the collectability of its trade receivables. The Group has a policy to provide for any amounts the collection of which is no longer probable or writes off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its trade and other receivables as presented on the Statement of Financial Position. The Group maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed regularly and established on a case by case basis. Refer to note 12 for Trade Receivables ageing.

At 31 December 2018, the exposure to credit risk for trade receivables by type of counter party was as follows;

(Amounts in thousands of QR)	**2018**	2017
Government entities	1,799,439	1,627,876
Non-government entities	826,715	698,481
	2,626,154	2,326,357

The trade and other receivables are unrated except for Government customers.

The movement in the provision for impairment of trade receivables is disclosed in Note 12.

The Group uses an allowance matrix to measure the ECLs of trade receivables from non-government customers which comprises a very large number of small balances.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

ii) Credit risk (continued)

Loss rates are calculated using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Net flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – Government and non-government.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from non-government customers as at 31 December 2018.

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current	2.88%	361,699	10,427	No
1-30 days	4.06%	263,086	10,691	No
31 to 60 days	18.08%	56,252	10,168	No
61 to 90 days	32.70%	30,436	9,953	No
91 to 180 days	33.00%	45,335	14,962	No
More than 181-365	54.19%	28,159	15,260	No
More than 365	60.00%	41,748	25,049	No
		826,715	**96,510**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Bank balances

The Company limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

iii) Liquidity risk (continued)

		Contractual cash flows			
2018 *(Amounts in thousands of QR)*	**Carrying Amounts**	**Total**	**Less than 1 year**	**2 – 5 Years**	**More than 5 Years**
Finance lease liabilities	31,766	(31,766)	(6,325)	(25,441)	-
Due to related parties	4,629,358	(4,629,358)	(4,396,582)	(232,776)	-
Trade and other payables	743,488	(743,488)	(743,488)	-	-
	5,404,612	**(5,404,612)**	**(5,146,395)**	**(258,217)**	**-**
2017 *(Amounts in thousands of QR)*					
Due to related parties	4,229,516	(4,229,516)	(4,229,516)	-	-
Trade and other payables	709,338	(709,338)	(709,338)	-	-
	4,938,854	(4,938,854)	(4,938,854)	-	-

iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Equity price risk

The Group is subject to equity price risk in relation to the equity securities at FVOCI (2017: available for sale). The Group manages its market risk by evaluating the current market value and other factors including normal volatility in share price for quoted equities by way of investment manager's periodical reports relating to equities. Management monitors the price fluctuations on a continuous basis and acts accordingly.

A 10% increase or decrease in market values of the Group's quoted portfolio of equity securities at FVOCI is expected to result in an increase or decrease of QR 147 million (2017: QR 163 million) in the assets and equity of the Group.

ii) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. As the US Dollar is pegged with the Qatari Riyal, the Group is not exposed to currency risk when it transacts in this currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

iii) Interest rate risk

The Group has interest rate risk arising from interest bearing assets in the nature of bank deposits. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. The Group's capital management policy remained unchanged since the previous year. The Group is not subject to any externally imposed capital requirements.

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings & infrastructure	Plant and equipment	Vehicles, office equipment and furniture	Vessels	Projects in progress	Total
Cost							
At 1 January 2018	25,850	1,243,441	601,282	735,283	319,231	124,852	3,049,939
Additions	-	37,084	25,389	54,892	1,407	496,460	615,232
Revaluation	531,793	-	-	-	-	-	531,793
Transfers from projects in progress	-	351,187	75,107	22,603	-	(448,897)	-
Disposals / Transfers	-	(31,212)	(6,429)	28,044	1,999	-	(7,598)
At 31 December 2018	**557,643**	**1,600,500**	**695,349**	**840,822**	**322,637**	**172,415**	**4,189,366**
Accumulated depreciation							
At 1 January 2018	-	291,112	393,832	542,964	114,594	-	1,342,502
Depreciation charge	-	68,475	48,193	63,080	10,669	-	190,417
Disposals / Transfers	-	(23,394)	(2,440)	20,786	332	-	(4,716)
At 31 December 2018	**-**	**336,193**	**439,585**	**626,830**	**125,595**	**-**	**1,528,203**
Carrying value							
At 31 December 2018	**557,643**	**1,264,307**	**255,764**	**213,992**	**197,042**	**172,415**	**2,661,163**
Cost							
At 1 January 2017	48,637	1,060,522	563,694	725,084	294,636	275,433	2,968,006
Additions	-	24,052	13,401	30,835	24,643	110,365	203,296
Transfers from projects in progress	-	173,374	33,336	35,872	(48)	(242,534)	-
Disposals / Transfers	(22,787)	(14,507)	(9,149)	(56,508)	-	(18,412)	(121,363)
At 31 December 2017	25,850	1,243,441	601,282	735,283	319,231	124,852	3,049,939
Accumulated depreciation							
At 1 January 2017	-	264,456	329,190	524,475	104,482	-	1,222,603
Depreciation charge	-	55,995	50,808	80,839	10,132	-	197,774
Disposals / Transfers	-	(29,339)	13,834	(62,350)	(20)	-	(77,875)
At 31 December 2017	-	291,112	393,832	542,964	114,594	-	1,342,502
Carrying value							
At 31 December 2017	25,850	952,329	207,450	192,319	204,637	124,852	1,707,437

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

i) The Group has received Government aid in the form of non-monetary assets (67 plots of land located in State of Qatar) for the purpose of constructing and operating petrol stations.

For seven plots of land (accounted at fair value of QR 531.8 million), the title deeds have been transferred to the Group and accounted for using the revaluation model. A right to use has been granted by the Ministry of Municipality and Urban Planning for sixty plots of land.

The Group has 8 (2017: 8) vessels that operate mainly in supplying bunkers, marine fuel and bitumen.

All the vessels are owned by WOQOD Marine Services Company W.L.L - a subsidiary of the Parent.

ii) Depreciation allocated to cost of sales amount to QR 169 million (2017: QR 165 million) and general and administrative expenses in amount to QR 21 million (2017: QR 33 million).

iii) The Group leases vehicles under finance lease. At 31 December 2018, the net carrying amount of leased vehicles was QR 31.77 million (2017: Nil). Please refer to note 18 for the classification of lease liability into current and non-current portion.

iv) During the year the policy for the owned land was changed from cost model to fair value model and resulted in a revaluation surplus of QR 531.8 million (2017: Nil). The fair value measurement for all plots of owned land have been categorized as a level 3 fair value.

7. INVESTMENT PROPERTIES

	2018	2017
Cost		
Balance at 1 January	996,160	988,386
Additions	29,450	7,774
Balance at 31 December	**1,025,610**	996,160
Accumulated depreciation		
Balance at 1 January	(87,039)	(50,867)
Depreciation charge for the year	(32,345)	(36,172)
Balance at 31 December	**(119,384)**	(87,039)
Carrying Value		
Balance at 31 December	**906,226**	909,121

Investment property comprises a number of commercial and residential properties intended for leasing. Changes in fair values are not recognised as the Group recognises these investment properties at cost models and carries investments at cost less accumulated depreciation.

The fair value of investment property was determined by independent external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio.

The investment properties were valued using the income earning approach. Under this approach, a property's fair value is estimated based on the capitalization of the net operating income of the relevant property using the market yield. The total fair value of the investment property as at 31 December 2018 was QR 1,302 million (2017: QR 726 million).

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the above inputs on the valuation technique used.

8. INVESTMENT SECURITIES

Investment represents the investments in shares of listed entities on the Qatar Exchange, sukuk bonds and other project investments. At the reporting date, the details of the closing balances were as follows:

	2018	2017
Investment at FVOCI	1,469,011	-
Available for sale financial assets	-	1,630,919
Investment at amortised cost	16,004	-
	1,485,015	1,630,919

The movement in investments at FVOCI balances during the year is as follows:

	2018	2017
Balance at 1 January	1,630,919	1,667,536
Acquired during the year	957,955	447,407
Disposals	(1,384,177)	(153,089)
Net movement in fair value reserve	280,318	(253,644)
Impairment loss for the year	-	(77,291)
Balance at 31 December	**1,485,015**	1,630,919

Fair value hierarchy

The Group uses the hierarchy for determining and disclosing the fair value of Financial Instruments by valuation technique as described in Note 2 (d).

As at 31 December 2018 and 2017, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	2018	Level 1	Level 2	Level 3
Investments at FVOCI	**1,469,011**	**1,469,011**	-	-
	2017	Level 1	Level 2	Level 3
Available for sales financial assets	1,630,919	1,630,919	-	-

During the year ended 31 December 2018 and 2017, 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 also.

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

9. GOODWILL

	2018	2017
Relating to Qatar Jet Fuel Co. W.L.L. (Q-Jet)	57,700	57,700
Relating to WOQOD Vehicles Inspection Co. W.L.L. (Fahes)	75,235	75,235
	132,935	132,935

As on 31 December 2018, the Group conducted an internal evaluation to assess and identify the instances of any indication of impairment on goodwill. The evaluation was mainly based on the financial data of the relevant subsidiaries and took into account the business environment in which these subsidiaries operate. Based on this exercise, the Group concluded that there were no indications of impairment.

Value-in-use calculations is determined using cash flow projections. The key assumptions used for value-in-use calculations are set out in the table below:

	Qatar Jet Fuel Co. W.L.L		WOQOD Vehicle Inspection Co. W.L.L	
	2018	2017	2018	2017
Revenue growth	**10%**	10.5%	**10%**	6%
Expenses growth	**3%**	3%	**3%**	8%
Discount rate	**5%**	9%	**5%**	11%

The management will review any changes that may occur in 2019 and that may result into management re-measuring the Goodwill.

10. INVENTORIES

	2018	2017
Fuel inventory	234,326	219,715
Materials and spare parts	120,993	151,139
Retail stores inventory	41,477	39,042
Other inventory items	32,979	5,766
	429,775	415,662
Provisions slow moving items	(7,325)	(1,346)
	422,450	414,316

The movement in the provision for slow moving items is as follows:

	2018	2017
Balance at 1 January	1,346	64,877
Provided during the year	5,979	1,346
Reversal during the year	-	(64,877)
Balance at 31 December	**7,325**	1,346

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

11. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24, Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

a) Transactions with related parties

The Group, in the normal course of business, carries out major transactions with Qatar Petroleum. Sales transactions to Qatar Petroleum are at arm's length and purchases from Qatar Petroleum are in accordance with approved contractual terms. The details of the transactions with this related party are as follows:

		2018	2017
Qatar Petroleum	Sales	**107,806**	131,054
	Purchases	**20,483,548**	14,403,765
Qatar Gas	Sales	**881,235**	108,984
	Services	**286**	33
North Oil Company	Sales	**150,868**	55,213
Rasgas	Sales	**64,118**	211,419
Gulf Drilling International	Sales	**27,170**	22,689
Amwaj Catering Services	Sales	**25,649**	20,155
	Services	**21,852**	299
Oryx Gtl	Sales	**11,232**	20,366
Qatar Steel Company	Sales	**10,899**	8,202
Nakilat Agency Co.	Sales	**9,382**	13,704
	Services	**2,568**	474
Qatex Limited	Sales	**8,743**	9,365
Qatar Aluminium	Sales	**8,071**	6,541
Dolphin Energy Limited.	Sales	**7,271**	6,758
Qatar Petroleum Development	Sales	**4,954**	11,856
Qatar Chemical Company Ltd	Sales	**3,073**	2,886
Qatar Fuel Additives Company	Sales	**2,343**	2,363
Qatar Galvanizers	Sales	**1,333**	1,087
Others	Sales	**2,780**	1,756

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There are no guarantees provided or received for related party receivables or payables.

11. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances due from related parties:

	2018	2017
Qatar Petroleum	322,397	417,378
Qatar Gas Operation Co. Ltd.	57,454	31,978
Rasgas	23,133	58,709
North Oil Company	8,722	-
Nakilat Agency Co.	5,273	-
Gulf Drilling International	5,172	4,996
Qatar Fuel Additives Company	2,783	3,096
Gulf Helicopters	2,461	1,993
Dolphin Energy Limited.	1,617	-
Qatar Petrochemical Company	1,002	961
Qatar Aluminium	748	350
Amwaj Catering Services	742	1,186
Qatar Gas Transport Co. Limited	608	-
Qatar Petroleum Development	525	-
Qatar Steel Company	510	1,525
Qatar Chemical Company Ltd	387	495
Qatar Fertiliser Company	98	119
Qatar Galvanizers	92	-
Qatar Gas Operating Company	45	136
Qatar Vinaly Co. Ltd.	41	-
Oryx Gtl	40	204
Gasal	35	32
Seef Ltd.	6	24
Al Shaheen Well Services Co.	5	2
Qatex Limited	-	5,918
	433,896	529,102

11. RELATED PARTY TRANSACTIONS (CONTINUED)

c) Balances due to related parties:

	2018	2017
Qatex Limited	31	-
Qatar Petroleum	4,629,327	4,229,516
	4,629,358	4,229,516

	2018	2017
Non-current portion	232,776	-
Current portion	4,396,582	4,229,516
	4,629,358	4,229,516

d) Compensation to key management personnel

	2018	2017
Salaries of executive management	8,640	9,765
Board's remuneration (i)	9,870	13,770
Secondment Allowance	8,210	6,711
Other committee allowances	455	908
	27,175	31,154

(i) The board of directors has suggested distributing an amount of QR 9.87 million (2017: 13.77 million) as a Board of Directors' remuneration for the year 2018 according to the provision of Articles of Association, based on the ordinary general assembly meeting of the Company held on 25 March 2019.

(ii) As from 2018, key management personnel includes CEO and his direct reports.

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

12. TRADE RECEIVABLES

	2018	2017
a) Trade receivables	2,626,154	2,326,357
Less: impairment of receivables	(108,650)	(30,806)
	2,517,504	2,295,551

The aging for trade receivables is as follows:

	2018	2017
Current	1,997,634	1,626,905
1-30 days	228,266	376,999
31 to 60 days	79,716	58,973
61 to 90 days	49,458	36,001
91 to 180 days	79,977	62,421
181-365 days	80,154	60,447
More than 365	110,949	104,611
	2,626,154	2,326,357

	2018	2017
b) Movement in the impairment of receivables:		
At 1 January	30,806	83,398
IFRS 9 adjustment	43,683	-
Provided during the year	34,252	35,818
Write off	(91)	(88,410)
At 31 December	**108,650**	30,806

The provision for the year includes a general provision of QR 12 million in addition to the ECL computation as explained in Note 5.

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 receivable from government entities.

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

13. PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
Staff advances and loans	29,044	34,388
Advances, deposits and prepaid expenses	61,228	32,176
Receivable from Ministries	64,986	327,600
Other receivables	65,146	54,231
	220,404	448,395

14. CASH AND BANK BALANCES

	2018	2017
Cash	62	413
Balances with banks		
- Current and call accounts	471,851	341,662
- Fixed deposits	2,692,481	2,830,403
Cash and cash equivalents	**3,164,394**	3,172,478
Fixed deposits having maturity more than 3 months	1,830,792	1,190,992
Cash and bank balances	**4,995,186**	4,363,470

15. SHARE CAPITAL

Authorized:	**2018**	2017
100,000,000 ordinary shares of QR 10 each	**1,000,000**	1,000,000
Issued and fully paid up share capital:		
99,425,576 ordinary shares (2017: 99,425,576 shares) of QR 10 per share	**994,256**	994,256

16. LEGAL RESERVE

The Company maintains a legal reserve in line with the requirements of the Qatar Commercial Companies Law No. 11 of 2015, which states that at least 10% of the profit in each year should be transferred to a legal reserve until the balance in such reserve is at least 50% of a company's paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above mentioned Law.

17. FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI until the assets are derecognized.

Movement in the fair value reserve related to financial assets at FVOCI is as follows:

	2018	2017
At 1 January	(128,075)	125,569
IFRS 9 adjustment	(165,031)	-
Net change in fair value	285,621	(253,644)
At 31 December	**(7,485)**	(128,075)

18. FINANCE LEASE LIABILITY

Finance lease liabilities are payable as follows.

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017	**2018**	2017
Less than one year	7,769	-	1,444	-	6,325	-
Between one and five years	27,840	-	2,399	-	25,441	-
	35,609	-	**3,843**	**-**	**31,766**	-

During the year, the Group has engaged into finance lease arrangement for the supply of 74 fuel trucks for lease term of five years. The assets are capitalized as part of vehicles under note no 6, property, plant and equipment. The present value of minimum lease payments is determined using a discounted factor at 5%.

19. EMPLOYEES' END OF SERVICE BENEFITS

	2018	2017
Balance at 1 January	130,532	136,412
Provided / reversal during the year	(13,470)	82,129
Paid during the year	(25,518)	(88,009)
Balance at 31 December	**91,544**	130,532

20. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables (suppliers and contractors payable)	90,685	121,120
Retentions payable	49,381	40,850
Accruals, provisions and other payables	603,422	547,368
	743,488	709,338

21. REVENUES

	2018	2017
Sale and distribution of petroleum products	21,842,845	16,211,282
Sale of non-fuel products	826,733	714,300
Sale of lubricants and supplies	209,259	215,407
Revenues from inspection services	107,342	77,909
Income from services	58,958	48,448
Income from storage fees	104,013	104,512
	23,149,150	17,371,858

22. COST OF SALES

	2018	2017
Cost of goods sold	21,830,797	16,027,694
Depreciation	169,768	165,018
	22,000,565	16,192,712

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

23. OTHER INCOME

	2018	2017
Dividend income	82,612	63,079
Interest Income	146,969	103,800
Rental income	139,984	144,174
Miscellaneous income	97,391	34,646
	466,956	345,699

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Staff cost and related benefits	158,654	177,357
Depreciation	52,924	69,262
Office Expenses	24,067	29,544
Legal & Professional Expenses	4,289	8,698
Other expenses	34,776	26,530
Impairment / reversals of provisions	85,046	94,476
Selling and marketing expenses	11,821	22,906
	371,577	428,773

25. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2018	2017
Profit for the year attributable to the Owners of the Company	**1,160,112**	964,117
Weighted average number of shares outstanding during the year	**99,425**	99,425
Basic and diluted earnings per share (in QR)	**11.67**	9.70

There were no potentially dilutive shares outstanding at any time during the year and therefore, the dilutive earnings per share is equal to the basic earnings per share.

26. DIVIDENDS

The shareholders approved a cash dividend of QR 8 per share, amounting to QR 795.4 million for the year ended 31 December 2017 at the Annual General Assembly meeting held on 25 March 2018 (2016: cash dividend of QR 7 per share amounting to QR 638 million in addition to 9 bonus shares for each 100 shares held).

The Board of Directors has proposed cash dividends of QR 8 per share, amounting to a total of QR 795.4 million for the year ended 31 December 2018. The proposed dividend will be submitted for approval at the Annual General Assembly meeting.

27. OPERATING SEGMENT

The Group is mainly engaged in sale and distribution of refined petroleum products, technical inspection of vehicles and marine transportation. More than 95% of the Group's revenue is generated through a single segment i.e. sale and distribution of refined petroleum products. The Company operates in a single geographical segment.

28. COMMITMENTS AND CONTINGENCIES

Commitments

Operating lease commitments – Group as a lessee

The Group has entered into leases on certain plots of land and some residential properties. These leases have an average life of between three to five years with no renewal options in the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 are, as follows.

	2018	2017
Within one year	25,151	16,247
After one year but not more than five years	34,467	39,582
More than five years	36,171	5,023
	95,789	60,852

QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

28. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments (continued)

Operating lease commitments – Group as a lessor

The Group has entered into commercial leases for shops/spaces at petrol stations and for diesel tanks with customers. These non-cancellable leases have remaining term of less than one year. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	2018	2017
Within one year	120,009	135,398
After one year but not more than five years	205,145	62,378
	325,154	197,776

Capital commitments

	2018	2017
Capital commitments	**216,097**	205,781

Contingent liabilities

	2018	2017
Bank guarantees	**99,587**	11,313
Letters of credit	**2,348**	40,492

The above guarantees and letters of credits have been issued in the ordinary course of business and the Group anticipates no material liabilities from these.

29. COMPARATIVE FIGURES

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