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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2018

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

Condensed consolidated interim financial statements
As at and for the six month period ended 30 June 2018

Contents	Page(s)

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Fuel Company (WOQOD) Q.P.S.C. (the "Group") as at 30 June 2018, the condensed consolidated statements of profit or loss, condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of matter

Without qualifying our opinion, we draw attention to note 17 of the condensed consolidated interim financial statements, which describes the fact that the Group has an outstanding exposure against one of the suppliers. Management is of the view that there is no additional liability on the Group against this exposure.

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30 July 2018
Doha
State of Qatar

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

Condensed consolidated statement of financial position
As at 30 June 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	*30 June 2018 (Reviewed)*	*31 December 2017 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,824,174	1,707,437
Investment properties		893,092	909,121
Investment securities	6	1,459,809	1,630,919
Goodwill	7	132,935	132,935
Total non-current assets		4,310,010	4,380,412
Current assets			
Inventories	8	458,460	414,316
Due from related parties	13 (b)	413,605	529,102
Trade receivables	9	2,822,596	2,295,551
Prepayments and other receivables		717,022	490,982
Cash and bank balances	10	3,278,594	4,363,470
Total current assets		7,690,277	8,093,421
TOTAL ASSETS		**12,000,287**	12,473,833
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	994,256	994,256
Legal reserve		497,791	497,128
Fair value reserve		(174,232)	(128,075)
Retained earnings		5,448,913	5,708,491
Equity attributable to equity holders of the parent		6,766,728	7,071,800
Non – controlling interests		198,773	290,060
TOTAL EQUITY		6,965,501	7,361,860
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		116,217	130,532
Total non-current liabilities		116,217	130,532
Current liabilities			
Trade and other payables		1,866,834	1,202,701
Due to a related party	13 (c)	3,051,735	3,778,740
Total current liabilities		4,918,569	4,981,441
TOTAL LIABILITIES		5,034,786	5,111,973
TOTAL EQUITY AND LIABILITIES		**12,000,287**	12,473,833

These condenced consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 30 July 2018:

Ahmad Saif Al-Sulaiti
Chairman

Saad Rashid Al-Muhannadi
Chief Executive Officer

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss
For the six month period ended 30 June 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

		For the six month period ended 30 June	
	Note	**2018** *(Reviewed)*	2017 *(Reviewed)*
Revenue	14	10,733,119	8,119,166
Cost of sales		(10,166,224)	(7,593,732)
Gross profit		566,895	525,434
General and administrative expenses		(221,607)	(217,124)
Other income		192,408	131,825
Net profit for the period		**537,696**	440,135
Attributable to:			
Owners of the Company		503,217	373,044
Non-controlling interest		34,479	67,091
Net profit for the period		**537,696**	440,135
Basic earnings per share *(expressed in QR per share)*	15	**5.06**	3.75

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income
For the six month period ended 30 June 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	For the six month period ended 30 June	
	2018	2017
	(Reviewed)	*(Reviewed)*
Net profit for the period	**537,696**	440,135
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Net change in fair value of investment securities	(7,897)	(193,464)
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of investment securities	476	-
Other comprehensive loss for the period	(7,421)	(193,464)
Total comprehensive income for the period	**530,275**	246,671
Attributable to:		
Owners of the Company	495,341	185,960
Non-controlling interest	34,934	60,711
	530,275	246,671

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of changes in equity
For the six month period ended 30 June 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Attributable to owners of the Company						
	Share capital	**Legal reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total Equity**
Balance at 1 January 2018 (Audited)	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)	159,297	(5,734)	5,734	-
Adjusted balance at 1 January 2018 (Audited)	994,256	497,128	(293,106)	5,867,788	7,066,066	295,794	7,361,860
Total comprehensive income for the period:							
Net profit for the period	-	-	-	503,217	503,217	34,479	537,696
Other comprehensive income for the period	-	-	118,874	(126,750)	(7,876)	455	(7,421)
Total comprehensive income for the period	-	-	118,874	376,467	495,341	34,934	530,275
Sale of fractional shares	-	663	-	63	726	-	726
Cash dividends paid for 2017	-	-	-	(795,405)	(795,405)	-	(795,405)
Dividends paid to non-controlling interest	-	-	-	-	-	(131,955)	(131,955)
Balance at 30 June 2018 (Reviewed)	**994,256**	**497,791**	**(174,232)**	**5,448,913**	**6,766,728**	**198,773**	**6,965,501**
Balance at 1 January 2017 (Audited)	912,161	486,159	125,569	5,500,053	7,023,942	258,496	7,282,438
Total comprehensive income for the period:							
Net profit for the period	-	-	-	373,044	373,044	67,091	440,135
Other comprehensive income for the period	-	-	(187,084)	-	(187,084)	(6,380)	(193,464)
Total comprehensive income for the period	-	-	(187,084)	373,044	185,960	60,711	246,671
Transfer to legal reserve	-	10,969	-	(10,969)	-	-	-
Bonus shares issued	82,095	-	-	(82,095)	-	-	-
Cash dividends paid for 2016	-	-	-	(638,513)	(638,513)	-	(638,513)
Dividends paid to non-controlling interest	-	-	-	-	-	(91,914)	(91,914)
Balance at 30 June 2017 (Reviewed)	994,256	497,128	(61,515)	5,141,520	6,571,389	227,293	6,798,682

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows
For the six month period ended 30 June 2018
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	For the six month period ended 30 June	
	2018	2017
	(Reviewed)	*(Reviewed)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	537,696	440,135
Adjustments for:		
Depreciation on property, plant and equipment	94,221	104,218
Depreciation on investment properties	16,029	16,045
Write off of property, plant and equipment	2,747	-
Reversal of impairment for slow moving inventories	-	(59,887)
Impairment for trade receivables and due from related parties	71,298	34,159
Impairment for investment securities	-	51,614
Provision for employees' for end of service benefits	2,302	51,560
Gain on sale of property, plant and equipment	(262)	-
Gain on sale of investment securities	-	(4,307)
Dividends income	(82,612)	(63,079)
Interest income	(67,329)	(24,769)
	574,090	545,689
Changes in:		
- Inventories	(44,144)	(3,351)
- trade receivable and prepayments	(754,761)	218,625
- due from related parties	45,875	75,790
- due to a related parties	(727,005)	(489,392)
- trade and other payables	664,133	53,402
Cash (used in) / generated from operating activities	(241,812)	400,763
Employees' end of service benefits paid	(16,616)	(11,003)
Interest received	67,329	24,769
Net cash (used in) / generated from operating activities	**(191,099)**	414,529
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	704	13,670
Proceeds from sale of investment securities	633,320	89,440
Purchase of property, plant and equipment	(214,147)	(100,800)
Purchase of investment securities	(469,632)	(276,797)
Dividends received	82,612	63,079
Proceeds from sale of fractional shares	726	-
Net cash generated from / (used in) investing activities	**33,583**	(211,408)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(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 change in cash and cash equivalents	(1,084,876)	(527,306)
Cash and cash equivalents at 1 January	4,363,470	3,168,035
Cash and cash equivalents at 30 June	**3,278,594**	2,640,729

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

1 REPORTING ENTITY

Qatar Fuel Company (WOQOD) Q.P.S.C (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 under the commercial registration No. 24872.

The principal activities of the Parent along with its subsidiaries ("the Group") are the sale, marketing and distribution of oil, gas and refined petroleum products, 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 condensed consolidated interim financial statements include the financial information of the controlled subsidiaries listed below:

		Group Effective Shareholding	
Name of subsidiaries	**Country**	**2018**	2017
Qatar Fuel Jet Company W.L.L.	Qatar	60%	60%
WOQOD Vehicle Inspection Company ("FAHES") W.L.L.	Qatar	100%	100%
WOQOD Marine Services Company W.L.L.	Qatar	100%	100%
WOQOD International Company W.L.L.	Qatar	100%	100%
WOQOD Kingdom Company W.L.L.	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%
Ocean Marine Services Limited	Republic of Liberia	100%	100%
Galaxy Marine Services Limited	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 condensed consolidated interim financial statements of the Group for the six month period ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2018.

2 BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual consolidated financial statements'). The condensed consolidated interim financial statements are prepared in Qatar Riyals, which is the Group's presentation functional currency. All financial information is rounded to the nearest thousands of Qatari Riyals except where specifically stated.

These condensed consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. In addition, the results for the six-month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 3.

2 BASIS OF PREPARATION (CONTINUED)

b) Use of Judgments and estimates

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

The significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 3.

c) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- 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 might be categorised in 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.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

During the current period, the Group adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for annual periods beginning on 1 January 2018:

- IFRS 15 "Revenue from Contracts with Customers"
- IFRS 9 "Financial Instruments"

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018.

The effect of initially applying these standards is mainly resulted in an increase in retained earnings and NCI, due to reversal of impairment losses on investment securities to the fair value reserve, recognized on the initial application of IFRS 9.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 15 "Revenue from Contracts with Customers"
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

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

The Group does not expect to have a significant impact on its condensed consolidated interim financial statements due to this change.

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.

The following table summarises the impact, of transition to IFRS 9 on the opening balance of reserves, retained earnings and NCI.

Line item impacted in the financial statements *(Amounts in thousands of QR)*	**As reported at 31 December 2017**	**Adjustments due to adoption of IFRS 9**	**Adjusted opening balances as at 1 January 2018**
Fair value reserve	(128,075)	(165,031)	(293,106)
Retained earnings	5,708,491	159,297	5,867,788
Non-Controlling Interest	290,060	5,734	295,794

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities
IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or 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.

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.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

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.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 "Financial Instruments" (continued)
All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest 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.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial assets *(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**
Corporate debt securities (a)	Available-for-sale	FVOCI – debt instrument	266,216	266,216
Equity securities (b)	Available-for-sale	FVOCI – equity instrument	1,364,703	1,364,703
Trade receivables (c)	Loans and receivables	Amortised cost	2,295,551	2,295,551
Cash and cash equivalents	Loans and receivables	Amortised cost	4,363,470	4,363,470
Total financial assets			**8,289,940**	**8,289,940**

a) The corporate debt securities categorised as available-for-sale under IAS 39 are held by the Group's treasury unit in a separate portfolio to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. The Group considers that these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities. The corporate debt securities mature in one to nine years and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.

b) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

c) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. The Group has not increased the allowance for impairment over these receivables as at 1 January 2018, as it believes that the transition to IFRS 9 will have no material impact on the collectability of amounts from its trade receivables.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (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.

The financial assets at amortised cost consist of receivables and prepayments and cash and cash equivalents under IFRS 9, and loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date.
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables and contract assets 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 considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security. 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 the financial assets carried at amortised cost 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.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to receivables and prepayments are presented under general and administrative expenses in the condensed consolidated statement of profit or loss.

Impact of the new impairment model
For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 does not results in an additional impairment allowance.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods. Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

4 OPERATING SEGMENTS

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's geographical segment is State of Qatar.

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

5 PROPERTY, PLANT AND EQUIPMENT

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Cost		
At 1 January	3,049,939	2,968,006
Additions	214,147	203,296
Disposals / Transfers	(1,419)	(121,363)
Write off	(4,730)	-
At the end of period / year	3,257,937	3,049,939
Accumulated depreciation		
At 1 January	1,342,502	1,222,603
Depreciation charges for the period / year	94,221	197,774
Disposals / Transfers	(977)	(77,875)
Related to write off	(1,983)	-
At the end of period / year	1,433,763	1,342,502
Net carrying amount	**1,824,174**	1,707,437

The Group has received Government aid in the form of non-monetary assets (42 plots of land located in State of Qatar) for the purpose of constructing and operating petrol stations.

For six plots of land (accounted at a nominal value of QR 1), the title deeds have been transferred to the Group and for thirty-six plots of land, a right to use has been granted by the Ministry of Municipality and Urban Planning.

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

All the vessels are owned by subsidiaries of Woqod Marine Services Company W.L.L.

6 INVESTMENT SECURITIES

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

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Investment in quoted securities	1,196,216	1,364,703
Investment in Sukuk	263,593	266,216
	1,459,809	1,630,919

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

As at 30 June 2018 and 31 December 2017, the Group held the following classes of financial instruments measured at fair value:

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

6 INVESTMENT SECURITIES (CONTINUED)

Financial assets

	30 June 2018 (Reviewed)	Level 1	Level 2	Level 3
Investment securities	**1,459,809**	**1,459,809**	-	-

	31 December 2017 (Audited)	Level 1	Level 2	Level 3
Investment securities	1,630,919	1,630,919	-	-

During the period/year ended 30 June 2018 and 31 December 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.

7 GOODWILL

	30 June 2018 *(Reviewed)*	31 December 2017 *(Audited)*
Relating to Qatar Jet Fuel Company W.L.L. (Q-Jet)	57,700	57,700
Relating to Woqod Vehicles Inspection Company W.L.L. (Fahes)	75,235	75,235
	132,935	132,935

As on 31 December 2017, 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 that warrant a full impairment review.

The management will review any changes that may occur in 2018 which may result into management re-measuring the Goodwill.

8 INVENTORIES

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Fuel inventory	280,359	219,715
Materials and spare parts	129,663	151,139
Retail stores inventory	40,283	39,042
Other inventory items	9,501	5,766
	459,806	415,662
Less: impairment for slow moving items	(1,346)	(1,346)
	458,460	414,316

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

9 TRADE RECEIVABLES

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Trade receivables	2,855,078	2,326,357
Less: impairment of trade receivables	(32,482)	(30,806)
	2,822,596	2,295,551

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

The movement in the impairment of trade receivables is as follows:

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Balance at 1 January	30,806	83,398
Provided during the period / year	1,676	35,818
Write off	-	(88,410)
Balance	**32,482**	30,806

10 CASH AND BANK BALANCES

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Cash	388	413
Balances with banks		
- Current and call accounts	469,928	341,662
- Fixed deposits	891,400	2,830,403
Cash and cash equivalents	1,361,716	3,172,478
Fixed deposits having maturity more than 3 months	1,916,878	1,190,992
Cash and bank balances	**3,278,594**	4,363,470

11 SHARE CAPITAL

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Authorized		
100,000,000 ordinary shares of QR 10 each	**1,000,000**	1,000,000
Issued		
99,425,576 ordinary shares		
(2017: 99,425,576 shares) of QR 10 each	**994,256**	994,256

12 DIVIDENDS

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

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

13 RELATED PARTY DISCLOSURE

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 made with related parties

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

	30 June 2018 (Reviewed)	*30 June 2017 (Reviewed)*
Qatar Petroleum / Purchases	**9,957,286**	6,843,102
Qatar Petroleum / Sales	**80,707**	67,659

b) Due from related parties

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Ras Gas	10,386	58,709
Gulf Helicopters	3,278	1,993
Gulf Drilling International ("GDI")	6,643	4,996
Qatar Aluminium ("Qatalum")	796	350
Qatar Steel Company	938	1,525
Qatar Petrochemical Company ("QAPCO")	1,056	961
Qatar Fuel Additives Company ("QAFAC")	1,625	3,096
Qatar Chemical Company Ltd ("Q-Chem")	1,025	495
Amwaj Catering Services	4,237	1,186
Qatar Fertiliser Company ("QAFCO")	237	119
Oryx GTL	43	204
Qatex Limited	7,956	5,918
Al Shaheen Well Services Co.	3	2
Seef Ltd.	7	24
Gasal	8	32
Qatar Gas Operation Co. Ltd.	112,181	31,978
Qatar Gas Operating Company	196	136
Qatar Petroleum *	262,990	417,378
	413,605	529,102

* The balance contains a provision of QR 69.6 million (2017: Nil).

c) Due to a related party

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Qatar Petroleum	**3,051,735**	3,778,740

d) Compensation to key management personnel

	Six month period ended 30 June	
	2018 *(Reviewed)*	2017 *(Reviewed)*
Salaries and other short term benefits and post-employment benefits	**10,484**	12,162

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

14 REVENUE

	Six months period ended 30 June	
	2018	2017
	(Reviewed)	*(Reviewed)*
Sale and distribution of petroleum products	10,161,451	7,672,771
Sale of non-fuel products	418,467	281,137
Sale of lubricants and supplies	115,086	127,091
Revenues from inspection services	38,115	38,167
	10,733,119	8,119,166

15 BASIC EARNING PER SHARE

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

	Six months period ended 30 June	
	2018	2017
	(Reviewed)	*(Reviewed)*
Profit for the period attributable to the owners of the Company	**503,217**	373,044
Weighted average number of shares outstanding during the period	**99,425**	99,425
Basic earnings per share (in QR)	**5.06**	3.75

16 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 30 June 2018 are, as follows.

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Within one year	40,044	16,247
After one year but not more than five years	39,076	39,582
More than five years	2,811	5,023
	81,931	60,852

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.

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Within one year	70,632	135,398
After one year but not more than five years	9,857	62,378
	80,489	197,776

Capital commitments

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Capital commitments	**307,255**	205,781

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

16 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingent liabilities

	30 June 2018 (Reviewed)	*31 December 2017 (Audited)*
Bank guarantees	**10,312**	11,313
Letters of credit	**14,134**	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.

17 SIGNIFICANT MATTER

As at 30 June 2018, the Group has an exposure against one supplier resulted from price differences for the previous financial years. The Group is recording the purchases based on the approved price formula, while the supplier is recording those sales differently.

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

18 COMPARATIVE FIGURES

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