QATAR FUEL (WOQOD)

ANNUAL REPORT 2019

Serving customers with energy

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

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HIS HIGHNESS
SHEIKH TAMIM BIN HAMAD AL THANI
THE EMIR OF THE STATE OF QATAR

HIS HIGHNESS
SHEIKH HAMAD BIN KHALIFA AL THANI
THE FATHER EMIR

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BOARD OF DIRECTORS

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

Mr.Abdulaziz Jassim Mohd Al-Muftah
Vice - Chairman

Mr. Saad Rashid Al-Muhannadi
MD & CEO

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

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

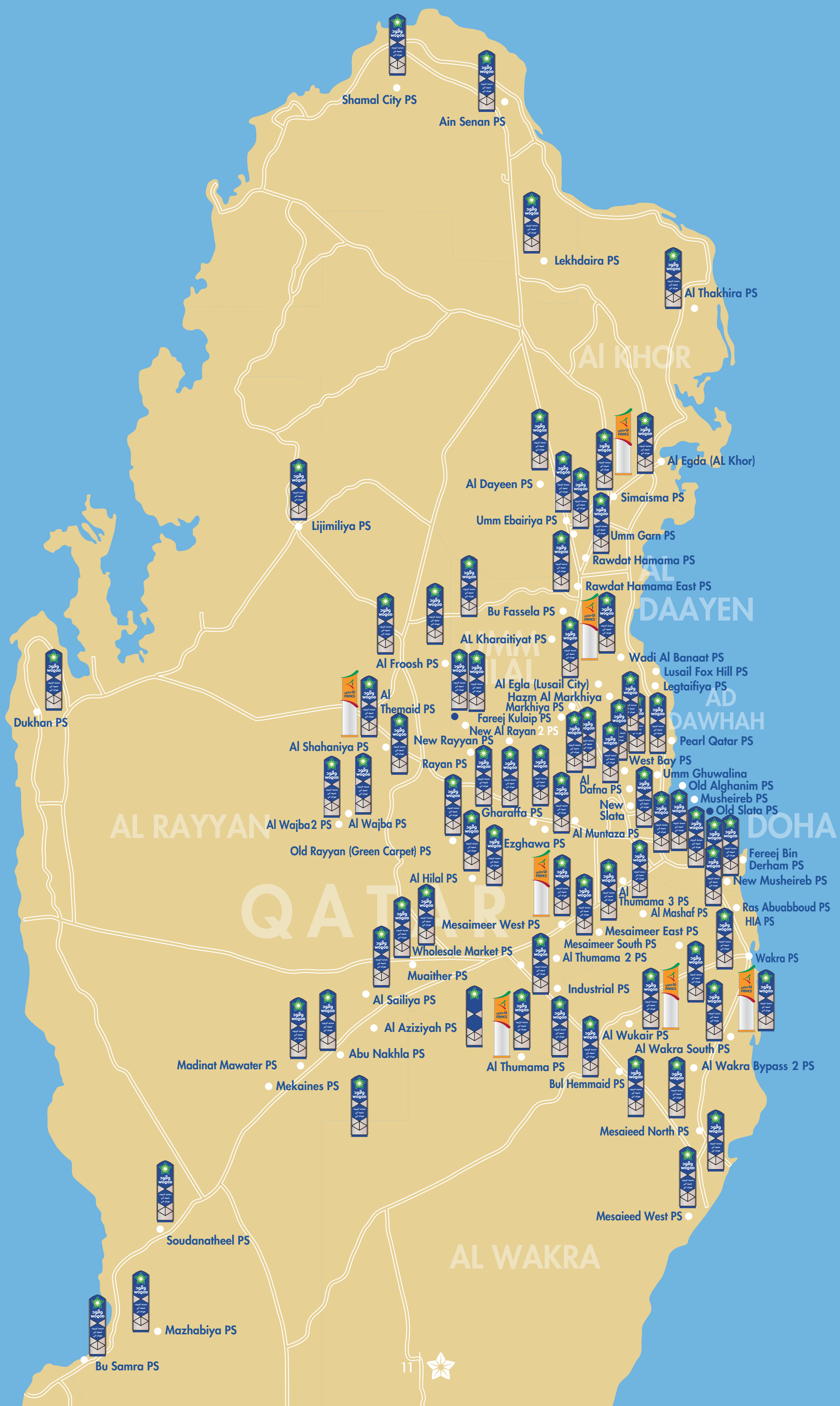
Mr. Mohammed Abdulaziz Saad Rashed Al-Saad
Member - Board of Directors

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

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

Mr. Faisal Al-Hammadi
Member - Board of Directors

WOQOD STATION NETWORK



OUR PROFILE

Qatar Fuel (WOQOD) is the leading fuel distribution and marketing services company in the State of Qatar. WOQOD has the sole concession for distribution and marketing of fuels to commercial, industrial and government customers throughout the country, including Natural and Liquefied Gas; and Jet A1 refueling and related services at all airports in Qatar. The company is considered a pioneer in the GCC region to convert to fully unleaded gasoline and diesel fuel with the lowest sulfur content.

Our resilient fuel distribution network operates from North and South of the country, through a fleet of 242 modern trucks, steel aluminum tankers, airplane refuelers, and bowsers. Besides the distribution of conventional fuel products, we supply LPG to domestic customers 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, the company supplies LPG through 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 provides fuel retail services through its network of state-of-the-art fuel stations. In addition, we provide complete auto care and maintenance services at our petrol stations including car wash, repairs, oil and tyre change services. WOQOD Lubricants have a complete range of automotive and industrial lubricants developed to suit all types of vehicles and industrial requirements. WOQOD was incorporated as a Joint Stock Company on 2nd July 2002 with an Emiri Decree aimed at providing downstream-refined fuel storage, distribution, and marketing services in the State of Qatar. WOQOD Initial Public Offering was completed in 2003 and its shares are listed on Qatar Stock Exchange.

VISION & MISSION

Vision

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

Mission

- To provide all customers with reliable, professional and innovative solutions through friendly, excellent and convenient services
- To demonstrate accountability for all our activities
- To achieve our Vision and Mission, we will train and develop competencies across the organization to enable us to demonstrate that we excel at what we do in the region
- To work to achieve the required Qatarization percentage
- To introduce new and advanced technologies to minimize our impact on the environment

OUR BRAND

Our brand is inspired by a strong Qatari heritage tree “Sidra”. Sidra is a tough tree, able to thrive in desert environment and prevalent all-around in Qatar. 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

WOQOD 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.

Innovation

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

Accountable

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

WOQOD KEY MILESTONES

2002

WOQOD was established in accordance with an Emiri Decree

2003

Took over the assets of National Oil Distribution Company (NODCO)

2006

Opened first petrol station

2008

Obtained ISO 9001 certification

2009

Acquired Vehicle Inspection (FAHES) Company

2011

Launched its first mobile station in Qatar

2012

Inaugurated the first CNG station in Qatar

2014

Launched RFID technology based fueling system

2015

FAHES opened its first station under WOQOD ownership

2016

Launched POS terminals at all petrol stations

2017

WOQOD Marine acquired 2 new vessels

2018

WOQOD Bitumen Plant became fully operational

2019

Completed record 30 petrol stations in a year

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 major performance indicators of the company's activities, operations and projects along with the financial results and most important achievements of WOQOD Group during the year 2019.

The growth achieved by the Qatari economy during the last year is worth mentioning. The State of Qatar has maintained balanced growth rates despite regional and global challenges, thanks to the wise policies of the Emir, His Highness Sheikh Tamim bin Hamad Al Thani.

With regards to WOQOD's performance, during 2019 the Group and its subsidiaries made enormous efforts to achieve the strategic goals aimed at consolidating and strengthening its nationwide position in distribution of petroleum and gas products. The company worked to meet the growing local market requirements of energy resources by increasing its market share and by initiating numerous infrastructure projects in the fields of transportation and distribution of petroleum products, natural gas, bunker fuel and bitumen products, which reflected positively on the performance and results achieved as detailed in the Annual Report.

In order to enhance the company's position as an exclusive distributor of petroleum products, we have obtained the renewal of the concession for next five years. We have also renewed most of our major agreements with Qatar Petroleum in relation to petroleum and gas products, and have taken the necessary arrangements in availing the required infrastructure projects and logistics.
I would like to mention that we have taken measures and implemented strong internal controls in the field of Corporate Governance, which aim to enhance the disclosure and transparency, identify and address the risks that the group may face. This would enhance the confidence of stakeholders in our operations and enhance the earnings of our valued shareholders.

With respect to the financial performance of the company in the financial year ended December 31, 2019, WOQOD went ahead in its efforts to implement the policy of improving efficiency and cost optimization which had the greatest impact on improving financial results during the year. The net profit of WOQOD Group after excluding minority interests reached QAR 1,216 million compared to QAR 1,160 million for the year 2018. Earnings per share have reached QAR 1.22 compared to QAR 1.17 for the same period in the year 2018.

Honorable Shareholders,
Considering the financial results and the need for major capital expenditures that have been planned for 2020, the Board of Directors is pleased to recommend a distribution of cash dividends of QAR 795 million representing 80% of the nominal paid-up capital which equals a distribution of QAR 0.8 per share.

It is my pleasure to take this opportunity to express my profound gratitude and thanks and respect to His Highness Sheikh Tamim bin Hamad Al Thani, the Emir for his continuous support to WOQOD, which has had a great impact on the company's success and prosperity.
Finally, we thank the members of the Board of Directors for their continuous work in order to achieve the goals of the company and its strategic mission, and to our valued shareholders for their confidence in investing in WOQOD. We also affirm our pride and appreciation to the employees of the company for their sincere and tireless efforts to enhance the company's performance, which was reflected in the outstanding financial results. We hope that they continue to extend and exert their efforts to achieve the goals of the company for the benefit of all.

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

MD & CEO's MESSAGE

I would like to present a summary of the most outstanding achievements of Qatar Fuel (WOQOD) Group during the fiscal year 2019, in addition to the company's most important plans and future projects. During the year, WOQOD accomplished many achievements and secured excellent performance indicators, which in turn resulted in outstanding outcomes and positive transformations detailed in the Annual Report. Briefly, I mention the most important performance achievements during the year as follows:

From financial perspective and as pointed out by HE. the chairman, the company achieved significant growth, with net income reaching QAR 1,216 million compared to QAR 1,160 million in 2018 with an increase of 4.8% resulting in similar growth in earnings per share compared to 2018.
In terms of petrol stations, the company managed to double the number of stations in the last two years i.e. in 2018 and 2019 when compared to stations built during the first fifteen years of its establishment i.e. from 2002 to 2017. In 2019, WOQOD has witnessed the completion of 30 petrol stations construction, most of which have been operational, and the remaining are awaiting some government procedures and approvals. These are expected to be completed and operational by the end of the first quarter of 2020 and by then the number of petrol stations operating will be 112 stations. The company has an ambitious plan to boost the number of petrol stations to 149 by year 2022, which will have a positive impact in providing services to citizens and residents and in enhancing shareholders rights.

In the area of technical inspection of vehicles (FAHES), the company has continued its expansion to have a total of 13 fixed and mobile inspection centers. Additionally, it should also be noted that there is a center for heavy vehicles inspection at Al Mowater City which is under construction and expected to be completed in the second quarter of 2021. In 2019, WOQOD witnessed the completion of Bitumen facility expansion project, which now provides the required storage capacity of 15,000 metric tons. The expansion provides an adequate storage capacity and enhances the ability of WOQOD to increase its share in the local market, as well as to ensure the product availabilities in the country at appropriate times for customers at competitive prices.

WOQOD made every effort with its partners and related entities to increase the efficiency of distribution facilities to meet future requirements by establishing several necessary projects.During 2019, we have cooperated with Shell International to produce and start distributing engine oils with world-class quality and purity using Qatar's base oils manufactured with gas-to-liquid technology.

With regard to sales of petroleum products, all indicators recorded varying increases compared to 2018, with the exception of diesel, which recorded a slight decrease due to supply and demand factors. It is worth noting that the total retail fuel volume sales increased by 24% as compared to year 2018. Based on the expansion of petrol station network as mentioned above, the market share of fuel retail market has increased to 82%, as compared to 66% in 2018 and we are currently working to increase this percentage to 90% by the end of 2020. In conjunction with retail sales of petroleum products, there has been a significant growth in sales of Sidra and associated petrol station services by 13% as compared to 2018.

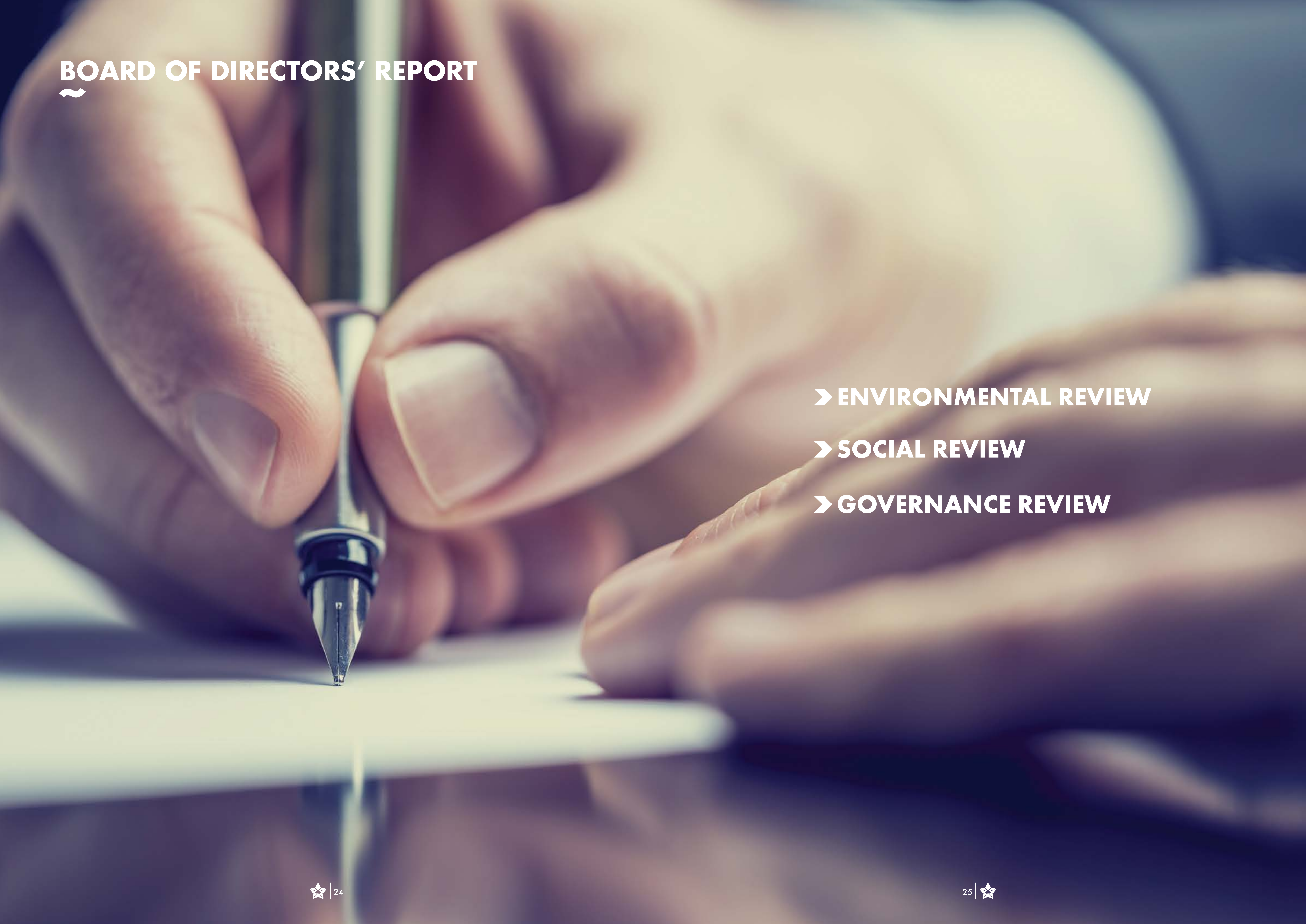
The indicators of the subsidiaries were positive, where Vehicle Technical Inspection (Fahes) achieved revenues of QAR 143 million as compared to QAR 107 million achieved in 2018, an increase of about 33%, while WOQOD Marine achieved revenues of QAR 70 million as compared to QAR 75 million for 2018, the slight decrease is due to some ships undergoing periodic maintenance.

I must mention the steps that the company is taking in the field of training and development of Qatari staff, an area where we pay great attention, and we seek to reach 80% Qatarization in top positions at WOQOD by end of 2020. Additionally, I should refer to the big steps taken in 2019 by our company for the adoption of regulations and procedures in the area of governance to enhance the principles of disclosure, transparency and risk avoidance, detailed in the governance section. I would also mention the agreements, understandings and arrangements reached during 2019 with relevant stakeholders aiming to sustain the company's continuity in providing its basic services and strengthen its position as an exclusive distributor of petroleum products in Qatar.

In conclusion, I would like to thank Mr. Ahmed Saif Al-Sulaiti, Chairman of the Board of Directors and the distinguished members of the Board for their good guidance and continued support to the company. Thanks also to all government agencies, public and private institutions and our valued shareholders, and to all the company's employees for their efforts to serve and promote the company. We promise to give more and do more to achieve the company's objectives and the aspirations of its valued shareholders, while at the same time fulfilling the State's overall policy of modernization by developing the petroleum products distribution sector to be world-class in order to achieve the best results of security, safety, health and environment.

Mr. Saad Rashid Al-Muhannadi
MD & CEO

BOARD OF DIRECTORS' REPORT



- ENVIRONMENTAL REVIEW
- SOCIAL REVIEW
- GOVERNANCE REVIEW

WOQOD 2019 ACHIEVEMENTS

WOQOD has transformed to better serve customers with energy across the State of Qatar. Our strategy encompassing environmental, social and governance aspects, has shown great results and this is reflected in our overall performance indicators.

Safety - Lost time incident frequency (LTIF) improved by 72%

Net income increased to QAR 1,216 MM

Fuel sales volume reached 10.5 billion liters

Retail fuel market share increased to 82%

Completed 30 new petrol stations in 2019

Return on cash improved by 24%

Receivables improved by 38%

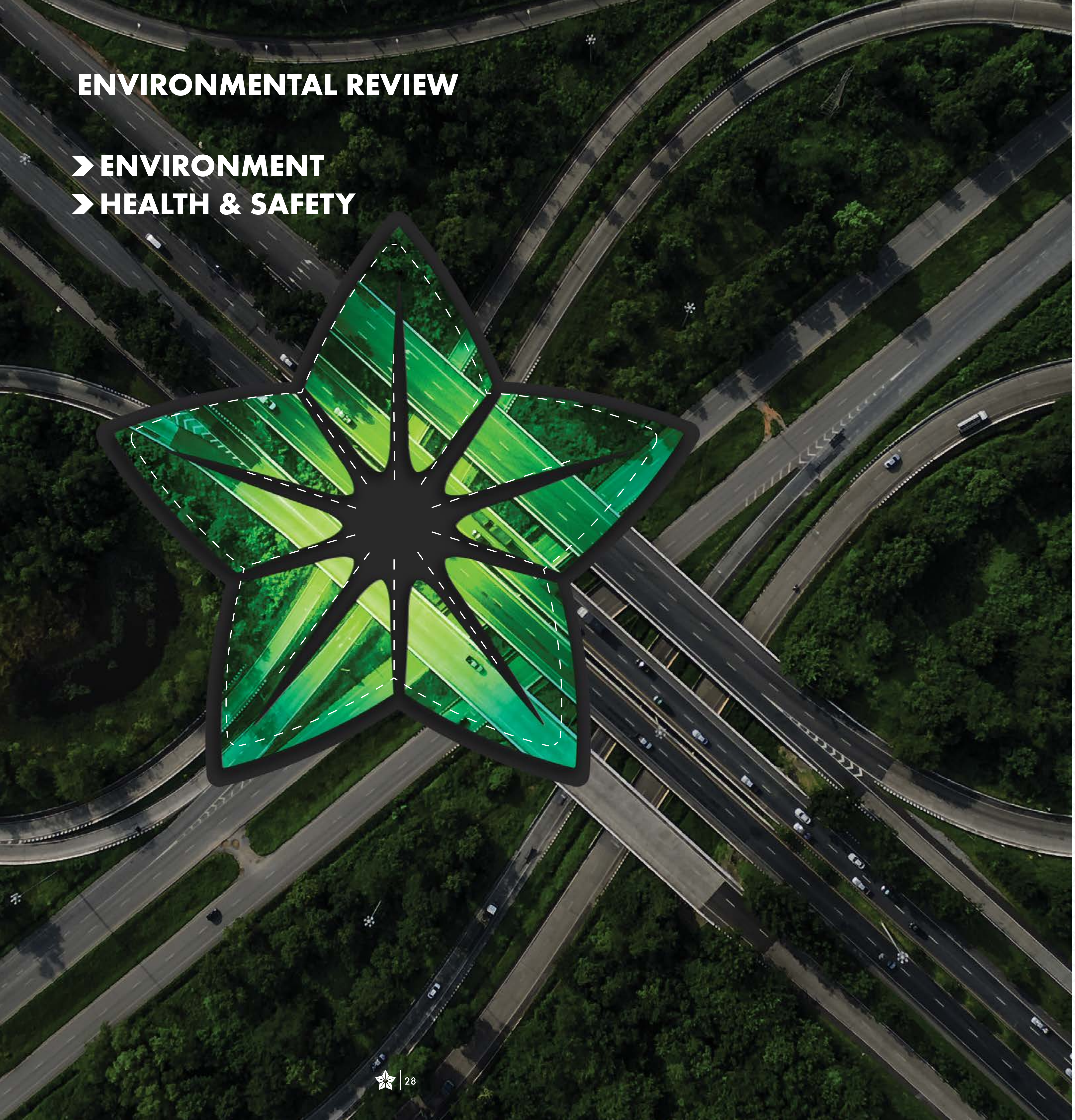
Achieved cost optimization of 7%

Launched WOQOD lubricants brand "OTO"

Enhanced Bitumen Fixed and Floating storage capacity to 37,200 MT

ENVIRONMENTAL REVIEW

❯ ENVIRONMENT
❯ HEALTH & SAFETY



ENVIRONMENT

WOQOD is committed to conduct its operation in a manner compatible with environment and economic development of the community. Our aim is to create an awareness and respect for the environment, emphasizing on environmental improvement by ensuring healthy operating practices, philosophy and training. The Company is continuously looking for opportunities that minimize our impact on the environment.

WOQOD's integrated management system (IMS) is in full adherence to and certified with the following international standards:

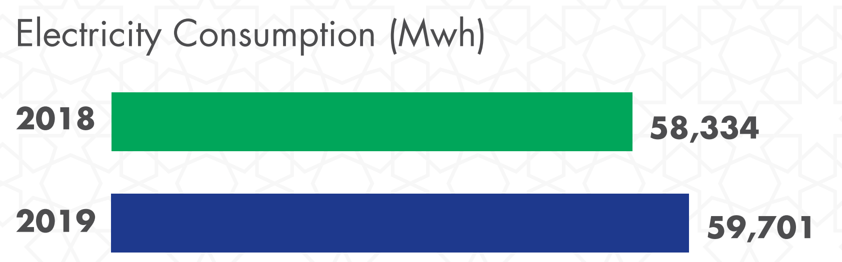
- ISO 14001:2004 on environmental management systems
- OHSAS 18001:2007 on Occupational Health & Safety
- ISO 90001:2008 on quality management systems
- ISO/TS 29001:2010 on quality management systems specific to petroleum, petrochemicals, natural gas products and service supply organizations

Friend of Environment Program

WOQOD is a co-sponsor of the friends of environment initiative, which aims to introduce the concept of recycling to all schools in Qatar. This includes the segregation of domestic waste in the household such as aluminum, glass, paper and cardboard so that it may be recycled and reused.

Energy Management

As our network of fuel stations and convenience stores expands, increased energy consumption – both direct and indirect – is inevitable. Therefore, our top priority is to become a responsible and efficient energy consumer in all our activities. We are actively monitoring our energy consumption as part of our sustainability reporting.



Energy Conservation Initiatives

Our efforts to reduce energy consumption last year included implementation of various initiatives to improve internal efficiency:

- Implemented Auto Aviation Locator system in our fleets to enhance our ability to track fleet and manage distribution routes, decreasing the number of unnecessary trips and therefore lowering our fleet's overall fuel consumption.
- Use of energy efficient electrical & electronics equipment.
- Use of energy efficient bulbs with auto sensors.
- Use of auto shutdown systems for electrical & electronics equipment.

Water Management

WOQOD recognizes the value of natural resources and the impact of its operations on the environment. Water is the most essential resource for any Oil and Gas Company, since WOQOD is a downstream distributor of petroleum products, thus does not use water at an industrial capacity for daily operations. However, WOQOD actively monitors its water consumption at all sites including operations and administrative.

The company has special arrangements with contractors for collecting wastewater from all operational sites. The contractors are accredited by the Ministry of Environment & Municipality and this processed wastewater is then treated and used for watering of public landscaping in the State of Qatar.

WOQOD has taken initiatives to optimize water consumption at petrol stations, i.e., for reusing/recycling of water wherever possible. Wastewater generated in the auto, manual car wash area is being treated, and a treatment system is designed to reuse 90% of the water used for car wash.

The total water consumed by WOQOD in 2019 is 322,645 cubic meters, which is 20% higher than the previous year. The increase is driven by the expansion of operation as we opened new petrol stations.

Water Consumption (Cubic Meters)

Emission Management

WOQOD GHG emissions are from the use of transportation fuels such as gasoline and diesel and from the generators used at the Petrol Stations as a power backup.

WOQOD is tracking and reporting CO_2 emissions that result from our internal operations. In 2019, our CO_2 emissions were higher by 9% as compared to the previous year. CO_2 emissions increase was mainly due to the expansion of operation as we delivered more fuel and opened new petrol stations.

CO_2 Emission (Tons)

Vapor Recovery

Being a distribution company of petroleum products WOQOD relies heavily on the use of road tankers. These tankers are designed to take vapors from storage tanks whilst filling those same tanks simultaneously. These vapors are then transported to the fueling depot where there is a recycling system designed to reprocess the vapors into gasoline in order to avoid the emissions of vapors into the atmosphere. This system does not only provide a healthier work environment by emitting less pollution, but also converts recovered vapor into gasoline products without generating waste. The system works as follows:

- Gasoline vapors from truck loading bays are collected over an absorption system
- These vapors are then trapped in liquid form
- The gasoline is then mixed with fresh gasoline product

Waste Management

All waste derived from WOQOD's operational and business activities can be categorized as non-hazardous domestic waste and hazardous waste. Waste is being disposed of on operational sites and petrol stations using segregated skips, one for hazardous waste and the other for non-hazardous waste like plastic and general waste.

In terms of disposal of oily waste, we have installed a special system called "The API separator". It consists of two main components: one for clear water and the other for oil, in addition to a separator area. Once the water and oil are separated, these are collected by accredited contractors for onward processing.

HEALTH & SAFETY

At WOQOD, we endeavor to achieve and maintain operational excellence. In order to fulfill the organization's Quality, Health, Safety, Security & Environment (QHSSE) commitments and achieve continuous improvement, we have developed standards and guidelines encompassing the following:

- Quality
- Occupational health and safety
- Environment and sustainable development
- Asset integrity and process safety and security

HSE Life Saving Rules

WOQOD has a "Life-Saving Rules" in place for reinforcing WOQOD's existing Health & Safety procedures. "WOQOD's Eleven (11) Life Saving Rules" set out in a simple way and clear "dos" and "don'ts" covering activities with the potential safety risk. These signs displayed throughout all WOQOD's operational facilities and offices.

We apply the highest safety and security standards across our network. As part of this, the company has fitted out its facilities with cutting-edge technology, and devised solutions to maintain the highest levels of readiness in dealing with HSE matters.

01- Work with valid work permit when required

02- Do not smoke outside designated smoking areas

03- Wear your seat belt

04- Do not walk under a suspended load

05- Conduct gas test when required

06- No Alcohol or drugs while working or driving

07- Wear your personal protective equipment

08- Do not use mobile at hazardous classified area and while driving

09- Obtain authorization before overriding or disabling safety critical equipment

10- No speeding and do not exceed limits while driving

11- Protect yourself against a fall when working at height & wear your personal protective equipments

HSE Performance Improvment Program

To demonstrate the organization's commitment to Health and Safety Environment (HSE), we have a structured guidance in place for the annual monitoring of HSE progress. The aim of this program is to improve performance by:

- Reducing injuries.
- Reducing financial burden from losses to people, assets and the environment.
- Enhancing customer profile and stakeholder acceptance.

SAFETY DATA		
	2018	2019
LTIF	1.22	0.29
TRCF	2.25	0.92

This program is applied to all facilities, services, employees, and contractors working for or on behalf of WOQOD on all operational sites. This program is best summarized as a three-step approach. Any identified HSE improvement categories can be aligned to elements of the IMS.

Emergency Response Preparedness

The Emergency Response process involves a systematic and structured approach for preparing, managing and recovery to normal operations. WOQOD has two levels of support for any emergency:

- Site based Emergency Management Team (EMT) deals with emergencies and may require support from the Civil Defense or location emergency response teams e.g. Ras Laffan with RLIC
- Head Office Emergency Support Team (EST) provides support to the site EMT during an incident.

QHSSE regularly conducts fire evacuation drills at the office and operational sites to ensure WOQOD and Contractor employees' preparedness on any emergency and test the rapid response of Fire and Rescue Team.

HSE Awareness & Awards

To encourage our staff to focus on safety, we regularly issue flyers and short videos addressing important HSE issues on the company's Intranet. We also host monthly awards for best HSE performance for individuals, sections, and departments. The event is attended by our MD & CEO, along with senior managers, winning employees and teams.

Road Safety

Fuel distribution is at the core of WOQOD's business and operations; therefore it is imperative for the organization to ensure that any potential risks are mitigated. The company has developed a Road Safety Forum, where it consults with representatives from all sectors for the purpose of serving as a reference body on road safety. As a result of this forum, WOQOD has developed a list of comprehensive guidelines for Road Tanker Operators (RTO), to enhance awareness of safety. RTOs training and awareness sessions are conducted regularly to ensure compliance with standards. In 2019, 401 RTOs and attendants have participated in these sessions that comprised of theoretical and practical aspects. The participants were given a written test after the session.

SMS Notification

WOQOD has introduced an SMS-notification system to enhance road safety. This system will be used to send critical & timely text alerts and notifications to employees. This SMS notification will include:

- Weather alerts
- Emergencies
- Industrial cities notification
- Time sensitive and critical notice

Service Stations integration with Ministry of Interior (MOI) & Civil Defence

In association with MOI and Civil Defence, we have integrated our service station network and the Civil Defense operations system, with the aim of improving safety standards. The move will help to reduce response times during emergencies.

The state-of-the-art system allows the Civil Defense central operations team to access the security cameras installed at WOQOD service stations, communicate directly with personnel, and provide guidance until Civil Defense units arrive.

Digital Security & Monitoring

To ensure the highest safety and security standards are maintained and to meet the requirements of various security authorities, we have undertaken the following initiatives:

- Installing intelligent CCTV, surveillance, security and access control, and public address systems.
- Mapping service stations to a centralized control center.
- Connecting the security system to MOI Control Centre

SOCIAL REVIEW

› SOCIAL RESPONSIBILITY
› CUSTOMER SATISFACTION

SOCIAL RESPONSIBILITY

WOQOD, as the leading downstream fuel distribution and marketing company in the State of Qatar, understands its responsibility towards the community and invests in social development. We are doing this by creating job opportunities, participating in activities and projects that support the environment and the local community. During the year, we participated in the following activities and events:

Blood Donation

Qatar Fuel Company (WOQOD) organized a Blood Donation event in cooperation with Hamad Medical Corporation in 2019.

Community Support

WOQOD supports charitable causes and participates in public and private donations. As a public company, we donate 2.5% of the annual net profit to Sports Authority Fund. In addition, we support other non-profit organizations and education institutions in Qatar through in-kind support and training programs.

2019 AGRITEQ Exhibition

Believing in the importance of contributing to the support of local production of agriculture and the preservation of the environment, WOQOD supported Qatar International Agricultural Exhibition (AgriteQ).

WOQOD also donated to the Qatar Foundation for Rehabilitation of Special Needs, a local humanitarian organization that aims to support and develop the skills and abilities of people with disabilities and their natural involvement in the society through the provision of compensatory medical devices.

Sponsorship to Leadership Development

Human Capital participated in the Annual Career Fair launched at Carnegie Mellon University Qatar and targeted 25 graduates to be hired in WOQOD. Another 221 graduates were targeted from Qatar University.

WOQOD participated in the Energy Sector's program in Collaboration with Ministry of Administrative Development, Labour & Social Affairs; led by QP, which aims to recruit Qatari Nationals. Also, Woqod is an active member of the committee, which is centralized and led by QP regarding scholarship program for recruiting Nationals in the energy and industrial sector.

CUSTOMER SATISFACTION

WOQOD values its customers greatly, listens to their feedback and responds accordingly. We have developed an index for measuring customer satisfaction and monitor it regularly through customers' surveys. We have also conducted a mystery shopper technique to measure the efficiency of our stations in delivering efficient and faster services for our customers.

Customer Satisfaction Rating		
	2018	2019
WOQOD (B2B)	4.20	4.03
WOQOD (B2C)	4.30	4.00

With the aim to achieve service excellence, it is very important to constantly evaluate our services. In order to achieve this objective, WOQOD launched a survey management solution for customers that provides a platform to measure customer satisfaction using customer portals, SMS and online tools.

WOQOD also has a dedicated contact center that interacts with customers on daily basis to resolves their queries and complaints. Our contact center was able to achieve 91% of First Call Resolution rate in 2019.

We held a Customer Townhall Meeting for Private Petrol Stations in September 2019 at WOQOD Tower. The aim was to obtain firsthand feedback from our customers on the quality of our products and services. The meeting was very effective and provided us insight into customers' expectations. We are now planning to hold similar meetings with other customer segments soon.

Local Procurement

WOQOD recognizes that engaging local business partners play a central role in stimulating growth of the local economy. The company gives priority to Qatari companies for procurement, thus promoting self-sufficiency of the country. This is done in a manner that does not restrict products from any specific geographic location and all suppliers are invited to participate in the tendering process subject to stated prerequisites.

International Road Transport Agreement (TIR)

The General Authority of Customs (GAC) organized a training program in cooperation with the International Road Transport Union (IRU) on the 2nd and 3rd of September 2019 at FAHES Inspection Centre in Industrial Area. Attendees included staff from FAHES, General Authority of Customs and Ministry of Transportation and communications. All the bodies working under the TIR Qatar were invited to the training program. The program included training courses for the preparation of trainers at GAC and the staff of FAHES. This will assist them to apply technical matters and issuance of certificates of validity for the means of transport of Qatari goods exported from within the State of Qatar, which will depend on the implementation of the Convention.

WOQOD is continuously making efforts to improve quality and safety of its products and services to customers. In 2018, we completed withdrawal of the Steel Gas 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.

In addition to the above, some of the most notable activities that WOQOD completed for convenience of its customers were as follows:

- Launched POS card payment service at WOQOD stations
- Converted more than 800 LPG bulk customers to online ordering system (E-portal)
- Delivered 100% orders for Fuel & Gas customers order without delay

GOVERNANCE REVIEW

- CORPORATE GOVERNANCE
- BUSINESS OPERATIONS
- BUSINESS STRATEGY
- FINANCIAL PERFORMANCE

CORPORATE GOVERNANCE

WOQOD is a public listed company and subject to Corporate Governance as set by Qatar Financial Management Authority (QFMA). The Board of Directors (BOD) complies with Governance Rules and Corporate Discipline Standards applicable to public joint stock companies listed on the Qatar Stock Exchange (QSE).

The BOD has established an Audit Committee to assist the Board in discharging its responsibilities for financial reporting, external and internal audits and internal controls. During the year, the Board Audit Committee Charter was revised to incorporate the QFMA guidelines and the best practices across the industry.

Enterprise Risk Management (ERM)

WOQOD seeks to promote best practice in risk management and is following the International Organization for Standardization (ISO 31000 – Risk Management Principal and Guidelines). As part of the ERM framework, we have identified the top 5 corporate risks currently faced by the organization and devised a mitigation plan.

In 2019, WOQOD has embarked on Business Continuity Management (BCM). BCM focuses on the resilience and capacity of the entire WOQOD business i.e. our operations, suppliers, customers and government entities to effectively and seamlessly respond to the impact of an unlikely and expected disaster.

Key Achievements:

- Completed formulation of Risk Management Working Group for all business units
- Development and evolution of risk governance and Fraud Risk Management Framework
- Completed risk registers with detailed mitigation plans for Top 5 risks.
- ERM Committee continued to focus on mitigation plans for Top 5 Corporate Risks.

Our People

WOQOD greatly values its employees and endeavor to create an environment where everyone can contribute to its unique skills. We aim to provide equal opportunities to all, and applicants are strictly considered based on merit, competence, and qualification. This allows WOQOD to tap into a vast pool of talent, which would otherwise be not possible.

We invest in the development of our staff with on-the-job and structured training programs in both technical and soft skills. This is evident from the increase in courses conducted, which has increased to 142 in 2019 from 91 in 2018. These courses were conducted for corporate and operational staff.

Training		
	2018	2019
Completed Course	91	142
Trained Staff	7,262	8,462

Sponsorship to Leadership Development

WOQOD participated in the Annual Career Fair held in Carnegie Mellon University Qatar and targeted 25 graduates to be hired in WOQOD. Another 221 graduates were targeted from Qatar University.

WOQOD participated in the Energy Sector's program in Collaboration with Ministry of Administrative Development, Labour & Social Affairs; led by QP, which aims to recruit Qatari Nationals. Also, Woqod is an active member of the committee, which is centralized and led by QP regarding scholarship program for recruiting Nationals in the energy and industrial sector.

Qatarization

Our hiring process and human resource programs are designed to attract top Qatari nationals. We participate in career fairs organized by schools, colleges, and universities in Qatar to encourage students to consider a career with WOQOD. In addition, we organize our own career fair and take part annually in the Energy & Industry Career Fair.

Our target is to Qatarize 80% of the senior management positions by 2020. We are initiating a program for our existing Qatari graduates to fast track their progress to Senior and Middle Management.

BUSINESS OPERATIONS

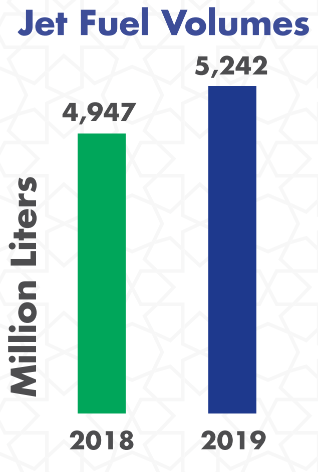
We are the sole distributor of fuel to the commercial and retail market in the State of Qatar. In 2018, we signed the 5 years Sales Purchase Agreement (SPA) with Qatar Petroleum for the regulated fuel products including Jet A-1. Our modern fleet of 242 vehicles distributes refined petroleum products to commercial and retail customers. We are the largest fuel retailer in the State of Qatar with 96 owned petrol stations.

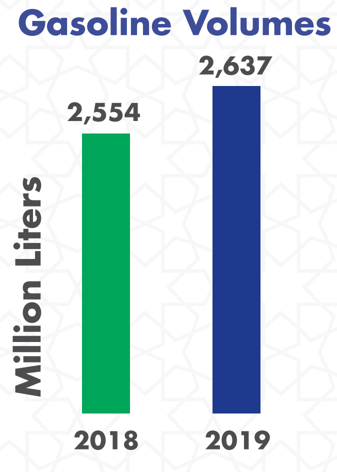
In 2019, overall fuel volume sales increased to record 10.5 Billion Litres, increase of 1% as compared to the same period last year:

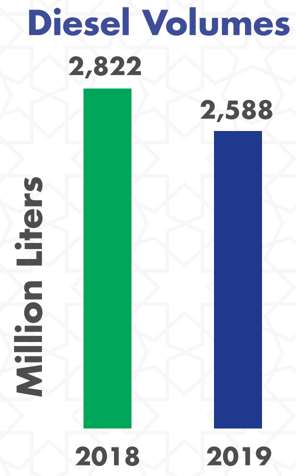
- Jet Fuel volume sales increased by 6% driven by higher demand
- Super and Premium volume sales increased by 5% and 2% respectively driven by market demand
- Diesel volume sales were lower by 8% driven by macroeconomic factors.

We also sell other fuel and related products like CNG, LPG, Bitumen, and bunkering:

- LPG and Natural Gas (including CNG) volume sales increased by 2% and 48%respectively driven by the market demand
- HFO bunkering fuel volume sales increased by 42% due to an increase in market demand. However, bitumen volume declined as majority of the infrastructure projects in Qatar have completed and the market demand has subsided.







Retail Business

Retail Fuel volume sales increased by 24% driven by opening of the new petrol stations and closure of some of the private petrol stations. WOQOD's fuel retail market share reached 82% during 2019 vs 66% in 2018. Our annual throughput per station of 31.8 million liters is significantly higher than the industry and reflects our operational efficiency.

Retail non-fuel revenue increased by 13% in 2019 driven by new petrol stations and customer promotions. Non-fuel revenue is comprised of Sidra Conveniences Stores and Auto Care Services.

FAHES revenues were higher by 33% as comparied to 2018. FAHES also achieved the milestone of inspecting more than 1 million vehicles in a year at our 12 approved inspection centers.

WOQOD launched a new product line of its premium lubricants "OTO" at its petrol stations. OTO has been developed using the latest technology from Shell lubricants and Qatari GTL base oil, to create a world class lubricant.

The new OTO range of lubricants includes OTO MOTIV the petrol engine oil, OTO MAX t§§§he diesel engine oil, OTO MOTIV Ultimate the fully synthetic motor oil and OTO PRO the ancillary products. OTO MOTIV Ultimate offers maximum efficiency and improves the time between oil changes and saves money.

The new lubricants are launched initially at all WOQOD stations. The product will be rolled out to other channels at a later stage. OTO Lubricants are available in different size bottles and in drums for commercial customers.

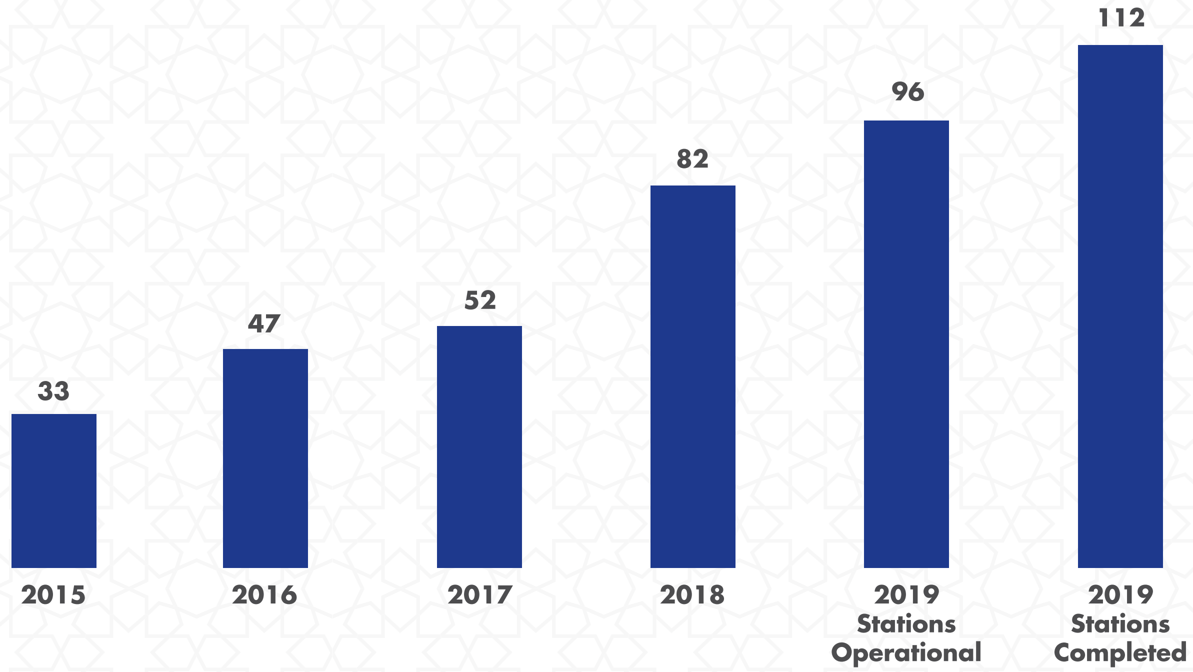
Network Expansion

WOQOD continues to expand its network of petrol stations to serve customers in Qatar. Our permanent petrol stations feature state-of-the-art technology with modern facilities including Sidra convenience store, auto and manual car wash, tyre 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.

During the year, the company added 16 new petrol stations including 6 mobile petrol stations. The total number of stations in operation reached to 96 petrol stations in 2019. In addition to the above, preparation for another 47 stations is in various stages.

This includes 14 stations under construction stage, 10 under design and tender stage, while another 23 are under land allocation stage.

Petrol Station Stats



FAHES Inspection Centre Expansion

FAHES is the only company licensed to conduct inspection of light vehicles, heavy vehicles, and heavy equipment in the State of Qatar. Today there are seven permanent stations and five mobile stations across Qatar .

One new FAHES inspection center (Al Mazroua) is currently under construction stage and planned to open in Q1 2020. With this, all the operation from the industrial area will be shifted to Al Mazrooua.

BUSINESS STRATEGY

The global transport industry is on the verge of massive changes, with the rise of electric vehicles, autonomous (self-driving) vehicles, and new fuels for ships and planes. WOQOD's future growth requires maintaining the market leadership position in core business and achieve tangible and sustainable business growth in non-core business.

Our fuel business growth is experiencing market capacity challenges driven by dependency on demographic factors. However, we are currently focusing on to rationalize our operations to optimize operating and capital expenditures. The company's cost optimization initiatives have saved QAR 135MM in 2018 and 2019. For example, our distribution fleet optimization initiative has achieved the optimum level of 170 trucks and resulted in operating and capital expenditure savings.

In line with WOQOD's future strategy of resilient and reliable distribution of fuel system in the State of Qatar, the company is working with QP to construct new fuel storage depot and LPG plant in the South and North of the country, respectively.

New LPG Plant project construction has initiated at Ras Laffan with prime focus on avoiding the single point of failure. QP targets the project to be completed by 4Q 2021. CAPEX requirements relating to the new project have been planned by WOQOD. The manpower requirement for the new plant and the distribution center has also been worked out. The new and existing LPG plant will be operated simultaneously.

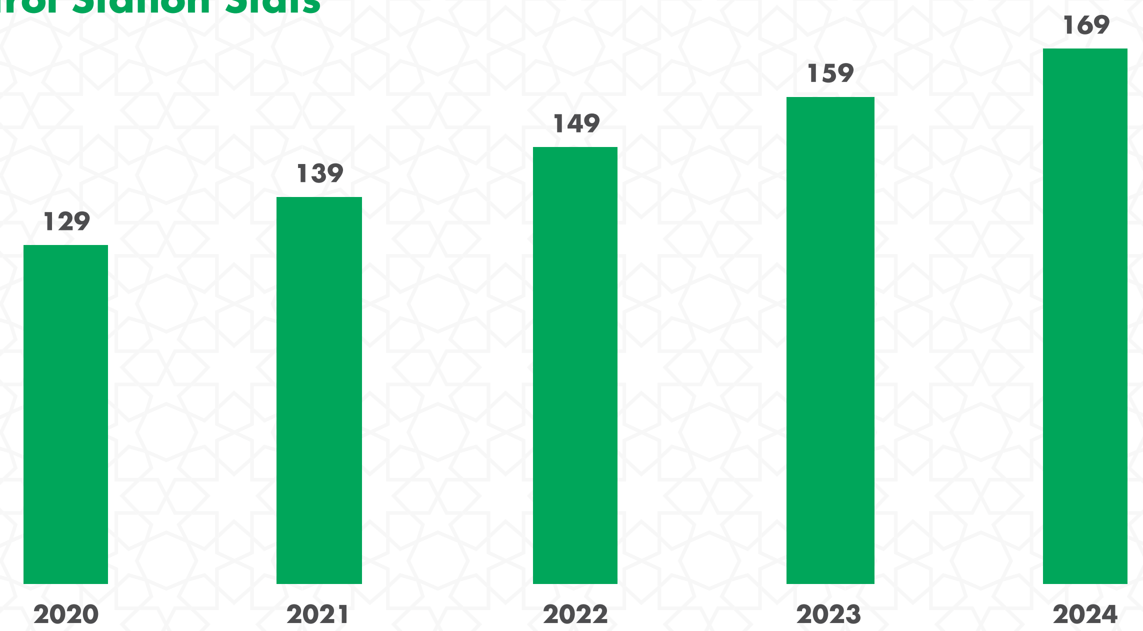
Regarding fuel retail and marketing, the company's petrol station expansion plan is dynamic and is constantly revisited by the management to determine the suitable number of stations required in the country to fulfill the market demand.

The company is planning to build another 12 stations in 2020 to further improve the customer experience at the stations. This is expected to further result in an increase in the retail fuel market share to 90%. At the end of 2019, WOQOD's Retail fuel market share increased by 16% (82% as of 2019 vs. 66% in 2018) driven by the opening of new stations.

In line with our strategy to drive nonfuel business performance, WOQOD is planning to roll out several initiatives in 2020 across its network of autocare centers and Sidra convenience stores to improve service and convenience for our customers and to optimize revenue.

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. 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 2020, the company is planning to achieve a 15% reduction in loss time incidents, 90% compliance with planned medical examination, and 100% compliance with certified security and quality standards.

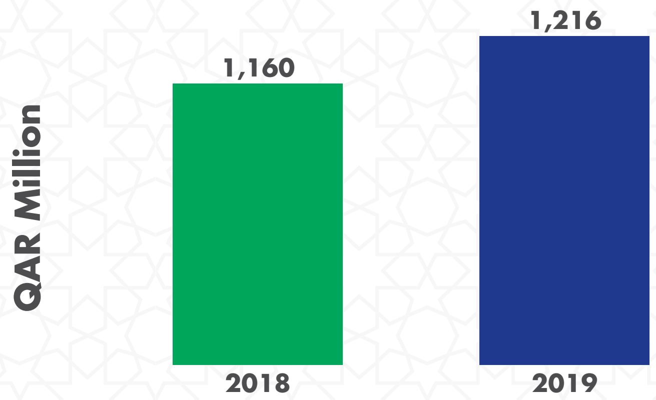
Petrol Station Stats



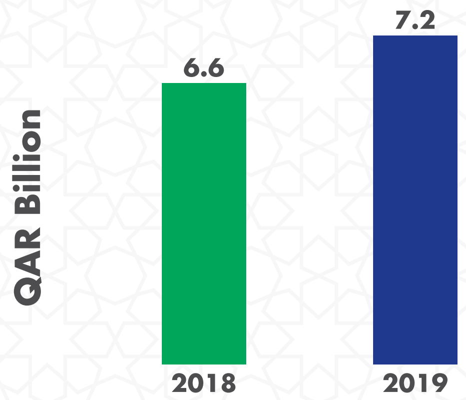
FINANCIAL PERFORMANCE

- Net income attributable to WOQOD shareholders increased by 4.8% (QAR 1,216 million vs. QAR 1,160 million) driven by better margins, savings from cost optimization and higher returns from better cash management
- Cash expenses were lower by QAR 64 million driven by cost optimization initiatives and efficiency improvements, despite opening of the new Petrol stations.
- Return on cash improved by 24% in 2019; improvement of QAR 33 million (QAR 169 million vs QAR 136 million)
- Fixed asset base improved by 9% in 2019 (QAR 7.2 billion vs. QAR 6.6 billion in 2018) driven by Petrol Station expansion and reliability improvements for maintaining the assets in a safe and reliable working condition.
- Shareholders' equity increased by 6% to QAR 8.5 billion in 2019 as compared to QAR 8.0 billion in 2018.

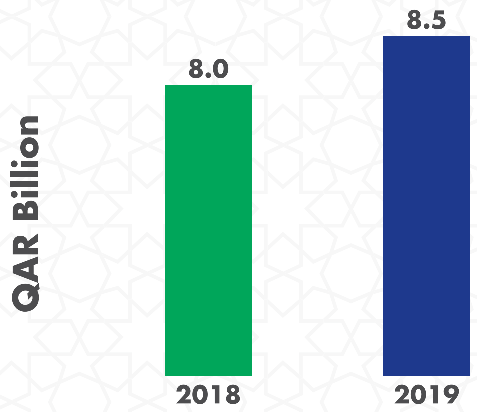
WOQOD Net Income-Attributable to Shareholders



Fixed Assets



Shareholders' Equity



INDEPENDENT REASONABLE ASSURANCE REPORT

To the Shareholders of Qatar Fuel Company Q.P.S.C (WOQOD)

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") Issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Qatar Fuel Company Q.P.S.C (Woqod) ("the Company") and its subsidiaries (together referred to as "the Group") to carry out a reasonable assurance engagement over Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting (the 'ICOFR') as at 31 December 2019 (the "Statement").

Responsibilities of the Board of Directors

The Board of Directors are responsible for fairly stating the Statement that is free from material misstatement and for the information contained therein.

The Statement, signed by the Group CEO, which was shared with KPMG on 29 January 2020, is to be included in the annual report of the Group and includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of lending and credit risk management, treasury, tender, general ledger and financial reporting, information technology, entity level controls, disclosure controls, and human resources;
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Group's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Group and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the Code of *Ethics for Professional Accountants*, including independence, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement whether due to fraud or error.

Our engagement included assessing the appropriateness of the Group's ICOFR, and the suitability of the control objectives set out by the Group in preparing and presenting the Statement in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed and implemented and are operating effectively as of 31 December 2019 based on the COSO Framework. Reasonable assurance is less than absolute assurance.

The procedures performed over the Statement include, but are not limited to, the following:

- Conducted inquiries with management of the Group to gain an understanding of the risk assessment and scoping exercise conducted by management;
- Examined the in-scope areas using materiality at the Group's consolidated financial statement level;
- Assessed the adequacy of the following:
- Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix ("RCM");
    - Entity level controls documentation and related risks and controls as summarized in the RCM;
    - Information Technology risks and controls as summarized in the RCM;
    - Disclosure controls as summarized in the RCM.
- Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
- Examined the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- Assessed the significance of any internal control weaknesses identified by management;
- Assessed the significance of any additional gaps identified through the procedures performed.
- Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
- Examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- Re-performed tests on key controls to gain comfort on the operating effectiveness of management testing.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

We have made such enquiries of the auditors of significant components within the Group concerned and have reviewed their work to the extent necessary to form our conclusion. We remain solely responsible for our conclusion.

Other information

The other information comprises the information to be included in the Company's annual report. We have not obtained the other information to be included in the annual report which is expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read 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.

Characteristics and Limitations of the Statement

The Group's internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.
Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Group, based on the criteria established in the COSO Framework.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' Statement fairly presents that the Group's ICOFR was properly designed and implemented and are operating effectively as at 31 December 2019.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Group and QFMA for any purpose or in any context. Any party other than the shareholders of the Group and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Group and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Group and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

29 January 2020
Doha
State of Qatar

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

INDEPENDENT AUDITOR’S REPORT

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

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatar Fuel Company (WOQOD) Q.P.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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.

Description of key audit matters

Valuation of Property, Plant and Equipment (PPE) (Note 6 to the consolidated financial statements)

The Group Property, Plant and Equipment balance includes land that is held at re valuation model amounting to QR 548,400,000 (2018: QR 557,643,000).

Estimating the fair value which is required for revaluation model is a complex process involving a number of judgements and making use of experts. The valuation expert has exercised judgements particularly in determining the relevant valuation models and inputs to the models. Consequently, we have determined the determination of the valuation models and inputs to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- 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.

Description of key audit matters

Adoption of IFRS 16 'Leases' effective from 1 January 2019

We focused on this area because:

IFRS 16 "Leases" which the Group implemented on 1 January 2019;

- requires complex accounting treatments, including use of significant estimates such as lease terms and judgements for the determination of transition options and practical expedients; and

- the transition of which, gave rise to a right of use asset of QR 124,158,000 (Note 7), a decrease in Property plant and equipment of QR 31,450,000 (Note 6) and a resultant increase in Lease liabilities of QR 125,668,000 (Note 19) which are material to the consolidated financial statements.

Accordingly, we have considered this to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice.
- Considering the appropriateness of the transition approach and practical expedients applied.
- Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments.
- Assessing the completeness of the IFRS 16 lease population by inspecting relevant contracts that may contain a lease and testing the lease payments.
- Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments, specifically around estimation of the lease terms.
- Evaluating the completeness, accuracy and relevance of the transition disclosures in line with IFRS 16

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 2019.

29 January 2020
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289
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QATAR FUEL COMPANY Q.P.S.C. (WOQOD)

CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated Statement of Financial Position
As at 31 December 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,081,373	2,661,163
Right-of-use Asset	7	124,158	-
Investment properties	8	886,272	906,226
Investments	9	3,021,682	2,940,932
Goodwill	10	132,935	132,935
Total non-current assets		7,246,420	6,641,256
Current assets			
Inventories	11	426,565	422,450
Due from related parties	12 (b)	322,201	433,896
Trade receivables	13	1,484,936	2,517,504
Prepayments and other receivables	14	159,356	193,251
Cash and bank balances	15	3,013,734	3,566,422
Total current assets		5,406,792	7,133,523
TOTAL ASSETS		**12,653,212**	13,774,779
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	994,256	994,256
Legal reserve	17	498,914	497,791
Fair value reserve	18	73,155	(7,485)
Revaluation surplus		526,013	531,793
Retained earnings		6,402,369	6,014,885
Equity attributable to equity holders of the parent		8,494,707	8,031,240
Non – controlling interests		207,405	247,383
TOTAL EQUITY		8,702,112	8,278,623
LIABILITIES			
Non-current liabilities			
Due to related parties	12 (c)	80,743	232,776
Finance lease liability	19	105,390	25,441
Employees' end of service benefits	20	89,246	91,544
Decommissioning provision	21	22,310	-
Total non-current liabilities		297,689	349,761
Current liabilities			
Due to related parties	12 (c)	2,803,531	4,396,582
Finance lease liability	19	20,278	6,325
Trade and other payables	22	829,602	743,488
Total current liabilities		3,653,411	5,146,395
TOTAL LIABILITIES		3,951,100	5,496,156
TOTAL EQUITY AND LIABILITIES		**12,653,212**	13,774,779

These Consolidated Financial Statements were approved by the Board of Directors and signed on its behalf by the following on 29 January 2020:

Ahmad Saif Al-Sulaiti
Chairman

Saad Rashid Al-Muhannadi
MD & CEO

The notes on pages 68 to 106 form an integral part of these Consolidated Financial Statements.

Consolidated statement of profit or loss
For the year ended 31 December 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2019	2018
Revenues	23	22,446,258	23,154,885
Cost of sales	24	(21,280,860)	(22,000,565)
Gross profit		**1,165,398**	1,154,320
Other income	25	257,557	314,252
General and administrative expenses	26	(333,733)	(371,577)
Finance income		169,132	146,969
Net profit for the year		**1,258,354**	1,243,964
Attributable to:			
Owners of the Company		1,216,382	1,160,112
Non-controlling interest		41,972	83,852
Net profit for the year		**1,258,354**	1,243,964
Basic earnings per share (expressed in QR per share)	27	**1.22**	1.17

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2019
(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2019	2018
Net profit for the year	**1,258,354**	**1,243,964**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of investment securities	74,068	140,326
Revaluation surplus for the year	(5,780)	531,793
Other comprehensive income for the year	68,288	672,119
Total comprehensive income for the year	**1,326,642**	1,916,083
Attributable to:		
Owners of the Company	1,282,769	1,829,770
Non-controlling interest	43,873	86,313
	1,326,642	1,916,083

The notes on pages 68 to 106 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

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

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						Non-Controlling Interest	Total Equity
	Share Capital	Legal Reserve	Fair value Reserve	Revaluation Surplus	Retained Earnings	Total		
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 income 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 28)	-	-	-	-	(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
Balance at 1 January 2019	994,256	497,791	(7,485)	531,793	6,014,885	8,031,240	247,383	8,278,623
Total comprehensive income for the year:								
Net profit for the year	-	-	-	-	1,216,382	1,216,382	41,972	1,258,354
Other comprehensive income for the year	-	-	80,640	(5,780)	(8,473)	66,387	1,901	68,288
Total comprehensive income for the year	-	-	80,640	(5,780)	1,207,909	1,282,769	43,873	1,326,642
Sale of Fractional Shares	-	1,123	-	-	5,389	6,512	-	6,512
Cash dividends paid for 2018 (Note 28)	-	-	-	-	(795,405)	(795,405)	-	(795,405)
Contribution to social and sports fund	-	-	-	-	(30,409)	(30,409)	-	(30,409)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(83,851)	(83,851)
Balance at 31 December 2019	**994,256**	**498,914**	**73,155**	**526,013**	**6,402,369**	**8,494,707**	**207,405**	**8,702,112**

The notes on pages 68 to 106 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

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

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		1,258,354	1,243,964
Adjustments for:			
Depreciation on property, plant and equipment	6	209,105	190,417
Depreciation on right-of-use assets	7	20,525	-
Depreciation on investment properties	8	34,957	32,345
Net impairment and gain on investment securities		-	13,469
Impairment for bad and doubtful debts	13 (b)	7,166	34,252
Impairment of property, plant equipment	6	3,463	-
Impairment for slow moving inventories	11	5,198	5,979
Provision / (reversal) for employees' end of service benefits	20	43,460	(13,470)
Loss on sale of property, plant and equipment		1,685	1,495
Dividend income	25	(85,478)	(82,612)
Finance income		(169,132)	(146,969)
		1,329,303	1,278,870
Changes in:			
- inventories		(9,313)	(14,113)
- due from related parties		111,695	95,206
- trade receivable and prepayments		1,056,445	(71,899)
- trade and other payables		84,707	61,016
- due to related parties		(1,745,084)	399,842
Cash generated from operating activities		827,753	1,748,922
Employees' end of service benefits paid	20	(45,759)	(25,518)
Payment of contribution to sports fund		(29,003)	(24,102)
Net cash generated from operating activities		**752,991**	1,699,302
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7,306	1,387
Additions to property, plant and equipment		(657,689)	(615,232)
Additions to investment properties	8	(12,134)	(29,450)
Dividends received	25	85,478	82,612
Finance income received		169,132	146,969
Proceeds from sale of fraction shares		6,513	726
Purchase of investment securities		(1,092,990)	(957,955)
Proceeds from sale of investment securities		1,108,109	1,230,717
Net movement in the fixed deposit accounts		(20,539)	(639,800)
Net cash used in investing activities		**(406,814)**	(780,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	28	(795,405)	(795,405)
Dividends paid to non-controlling interest		(83,851)	(131,955)
Lease payments		(18,146)	-
Net cash used in financing activities		**(897,402)**	(927,360)
Net decrease in cash and cash equivalents		(551,225)	(8,084)
Cash and cash equivalents at 1 January		3,164,394	3,172,478
Cash and cash equivalents at 31 December	15	**2,613,169**	3,164,394

The notes on pages 68 to 106 form an integral part of these Consolidated Financial Statements.

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 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 %	
		2019	2018
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%
Polaris Marine Services L.L.C.	Oman	100%	-
Star Marine Services Limited	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%
Horizon Marine Services Limited	Republic of Liberia	100%	100%

The Consolidated Financial Statements of WOQOD for the year ended 31 December 2019 were authorised for issuance in accordance with a resolution of the Board of Directors on 29 January 2020.

2. BASIS OF PREPARATION

a) Statement of accounting

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 16 "Leases" has been applied. The related 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.

c) Functional and presentation currency

These Consolidated Financial Statements are presented in Qatari Riyals, which is the Group's functional currency. All financial information presented in Qatari Riyals is rounded to the nearest thousands of Qatari Riyal unless otherwise indicated.

d) Use of judgements and estimates

In preparing these Consolidated Financial Statements, management has made judgments and estimates that affect the application of Group's 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 31 - lease term: whether the Group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2019 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 10 - impairment test of goodwill: key assumptions underlying recoverable amounts,
ii) Note 5 (ii)- measurement of Expected Credit Loss (ECL) allowance for trade receivables and bank balances: key assumptions in determining the weighted-average loss rate.
iii) Note 6 (iii)- determining the fair values of land on the basis of significant unobservable inputs.

2. BASIS OF PREPARATION

d) Use of judgements and estimates (continued))

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 that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified.

When 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.

Further information about the assumptions made in measuring fair values is included in the following notes:

i) Note 6 – property, plant and equipment
ii) Note 8 – investment property; and
iii) Note 9 – investment securities

e) Newly effective amendments and improvements to standards

During the current year, the below amended IFRS and improvements to standards became effective for the first time for financial year ended 31 December 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

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 16.

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

Effective for year ending after 31 December 2019	- Amendments to References to Conceptual Framework in IFRS Standards - Definition of a Business (Amendments to IFRS 3) - Definition of Material (Amendments to IAS 1 and IAS 8)

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 in 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, and any unrealized income and expenses arising from the intra-group transactions 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, if any.

c) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over the goods or services to a customer.

i) Sale of goods

Revenue is recognised when the control over goods 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 and distribution of refined petroleum products. Revenue from such services is recognised upon completion of services as the duration of services is generally short in nature.

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.

In calculating interest income, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

ii) Rental income

Rental income from investment property is recognised as revenue over the term of the lease. Rental income is included in "Other Income".

iii) Dividend income

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

e) Property, plant and equipment

i) 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.

ii) Subsequent expenditure

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property, plant and equipment (continued))

iii) 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. 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.

iv) Derecognition

An item of property, plant and equipment is derecognized 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) Government grants

The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised at nominal value.

g) 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.

h) 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. Changes in fair values are not recognised as the Group recognises these investment properties at cost model and carries investments at cost less accumulated depreciation.

i) Recognition and measurement

An investment property is recognized initially at cost of acquisition, including any transaction costs, and is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

ii) Subsequent expenditure

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

iii) Depreciation

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 in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Investment property (continued)

iv) Derecognition

An item of investment property is derecognized 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 in profit or loss.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank balances and short-term deposits with maturities of three months or less, if any, net of any outstanding balances and are used by the Group in the management of its short-term commitments.

j) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. 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 Fair Value Through Profit or Loss (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

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (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 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.

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 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 FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment

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. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- 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 the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; 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

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. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

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.
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.

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. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also 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.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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)

k) Impairment

i) Non-derivative financial assets

Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

Loss allowances for trade receivables (including lease 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, that includes 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 debtor 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 EIR of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower;
- 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 reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment (continued)

i) Non-derivative financial assets (continued)

Financial instruments (continued)

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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.

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 amortization, if no impairment loss had been recognised.

l) Inventories

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

m) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

o) 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.

p) Provision

A provision is recognized when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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.

q) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Leases

The Group has applied IFRS 16 using the simplified transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered, on or after 1 January 2019.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Leases (continued)

Policy applicable from 1 January 2019 (continued)

i) As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and finance lease liability in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense over the lease term.

ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract. The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income over the lease term as part of 'Other income'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:
- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Leases (continued)

Policy applicable before 1 January 2019 (continued)

i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group initially applied IFRS 16 Leases from 1 January 2019.

The Group applied IFRS 16 using the simplified transition approach, and the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 "Determining whether an Arrangement contains a Lease". The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3 (p).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

b) As a lessee

As a lessee, the Group leases many assets including property, vehicles and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) As a lessee (continued)

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all the leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of vehicles. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

c) As a lessor

The Group leases out its investment property, including own property and right-of-use assets.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognized from the head leases are presented in investment property and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset and concluded that they are operating leases under IFRS 16.

The Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarized below.

Line item impacted in the financial statements *(Amount in thousands of QR)*	**1 January 2019**
Right-of-use assets presented in property, plant and equipment	69,140
Lease liabilities	66,289

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is the addition of risk-free rate and market risk premium.

Line item impacted in the financial statements *(Amount in thousands of QR)*	**1 January 2019**
Operating lease commitment at 31 December 2018	95,789
Discounted using the incremental borrowing rate at 1 January 2019	(9,589)
Recognition exemption for leases with less than 12 months of lease term at Transition	(19,911)
Lease liabilities recognised at 1 January 2019	**66,289**

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.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

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.
The maximum exposure to credit risk at the reporting date is as follows:

(Amount in Thousands of QR)	**Carrying Amounts**	
	2019	**2018**
Trade receivables	1,484,936	2,517,504
Due from a related parties	322,201	433,896
Bank balances	3,013,734	3,566,422
	4,820,871	6,517,822

Trade and other receivables and due from related parties
The Group has 4,691 (2018: 5,233) customers with its largest 5 customers accounting for 51% (2018: 81.7%) 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 goods or 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 13 for Trade Receivables ageing.

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 13

.5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

ii) Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers

(Amount in Thousands of QR)	2019		2018	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Current	1,019,448	6,963	361,699	10,427
1-30 days	177,024	1,673	263,086	10,691
31 to 60 days	78,490	2,312	56,252	10,168
61 to 90 days	64,365	2,270	30,436	9,953
91 to 180 days	89,456	5,162	45,335	14,962
More than 181 - 365	169,120	94,586	69,907	52,449
	1,597,903	**112,966**	826,715	108,650

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

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.

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.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

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 but excluding the impact of netting agreements, if any. These are expected to mature around their due dates and for the similar amounts:

2019 ***(Amount in Thousands of QR)***	Carrying Amounts	**Contractual Cash Flows**			
		Total	Less than 1year	2-5 years	More than 5 years
Finance lease liabilities	125,668	(125,668)	(20,278)	(62,392)	(42,998)
Due to related parties	2,884,274	(2,884,274)	(2,803,531)	(80,743)	-
Trade and other payables	829,602	(829,602)	(829,602)	-	-
	3,839,544	**(3,839,544)**	**(3,653,411)**	**(143,135)**	**(42,998)**

2018 *(Amount in Thousands of QR)*	Carrying Amounts	**Contractual Cash Flows**			
		Total	Less than 1year	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)	-

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

5. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

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. 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 155 million (2018: QR 147 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

Interest rate risk arises when the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates. The Company has interest rate risk arising from bank deposits. These deposits are issued at fixed rates which expose the Company to fair value interest rate risk. However, a change in interest rates at the reporting date would not affect profit or loss.

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.

c) Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of financial assets and financial liabilities reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

The fair value of due to related party is based on the discounted value of expected future cash flows using applicable market rates for similar types of instruments as at reporting date.

6. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings & infrastructure	Plant and equipment	Vehicles, office equipment & furniture	Vessels	Projects in progress	Total
At 1 January 2019	557,643	1,600,500	695,349	840,822	322,637	172,415	4,189,366
Additions	-	76,071	57,350	27,625	991	517,962	679,999
Transfer to right-of-use assets	-	-	-	(34,309)	-	-	(34,309)
Revaluation	(5,780)	-	-	-	-	-	(5,780)
Impairment loss for the year	(3,463)	-	-	-	-	-	(3,463)
Transfers from projects in progress	-	159,102	36,876	46,179	1,273	(243,430)	-
Disposals / Transfers	-	-	(8,201)	(55,093)	-	-	(63,294)
At 31 December 2019	**548,400**	**1,835,673**	**781,374**	**825,224**	**324,901**	**446,947**	**4,762,519**
Accumulated Depreciation							
At 1 January 2019	-	336,193	439,585	626,830	125,595	-	1,528,203
Depreciation charge	-	86,842	53,827	58,419	10,017	-	209,105
Transfer to right-of-use assets	-	-	-	(2,859)	-	-	(2,859)
Disposals / Transfers	-	366	(978)	(52,691)	-	-	(53,303)
At 31 December 2019	**-**	**423,401**	**492,434**	**629,699**	**135,612**	**-**	**1,681,146**
Carrying value at 31 December 2019	**548,400**	**1,412,272**	**288,940**	**195,525**	**189,289**	**446,947**	**3,081,373**

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Land	Buildings & infrastructure	Plant and equipment	Vehicles, office equipment & furniture	Vessels	Projects in progress	Total
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

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.

Out of the sixty-seven (67) plots of land received, the title deeds for seven (7) plots have been transferred to the Group and was accounted for using revaluation model. As a result, the Group recognized a revaluation surplus of QR 531.8 million in December 2018. A right to use has been granted by the Ministry of Municipality and Urban Planning for sixty (60) plots of land.

The Group has 8 (2018: 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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ii) Depreciation allocated to cost of sales amounted to QR 188 million (2018: QR 169 million) and general and administrative expenses in amount to QR 21 million (2018: QR 21 million).

iii) The fair value of the Group's land as at 31 December 2019 has been determined on the basis of valuation carried out by an independent and professionally qualified valuer having appropriate experience in the location and category of the properties being valued.

The fair value measurement of the land has been categorized as a Level 2 fair value based on the inputs to the valuation technique used.

The Group used Market approach for measuring the fair value of the land. The significant unobservable inputs for this valuation technique involved margin for negotiation, size and location adjustments, planning and zoning regulations. These inputs in relation to size, location and commercial viability impact directly the estimated fair value.

7. RIGHT-OF-USE ASSETS

Cost	Land	Vehicle	Total
Transfer from property, plant & equipment	-	34,309	34,309
Capitalisation on initial application of IFRS 16	63,009	6,131	69,140
Additions during the year	7,692	38,268	45,960
Disposals	-	(1,907)	(1,907)
	70,701	**76,801**	**147,502**
Accumulated Depreciation			
Transfer from property, plant & equipment	-	2,859	2,859
Charge for the period	6,834	13,691	20,525
Disposals	-	(40)	(40)
	6,834	**16,510**	**23,344**
Carrying value at 31 December 2019	**63,867**	**60,291**	**124,158**

8. INVESTMENT PROPERTIES

Cost	2019	2018
Balance at 1 January	1,025,610	996,160
Additions	12,134	29,450
Transfer from property, plant and equipment	2,869	-
Balance at 31 December	**1,040,613**	1,025,610
Accumulated Depreciation		
Balance at 1 January	(119,384)	(87,039)
Depreciation charge for the year	(34,079)	(32,345)
Transfer from property, plant and equipment	(878)	-
Balance at 31 December	**(154,341)**	(119,384)
Carrying value at 31 December	**886,272**	906,226

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 2019 was QR 1,512 million (2018: QR 1,302 million).

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

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

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9. INVESTMENTS

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

	2019	2018
Investment at FVOCI	1,553,936	1,469,011
Investment at amortised cost	-	16,004
Investments current account	16,980	27,153
Long term deposits	1,450,766	1,428,764
	3,021,682	2,940,932

The movement in balances of investment securities at FVOCI and at amortised cost during the year is as follows:

	2019	2018
Balance at 1 January	1,485,015	1,630,919
Acquired during the year	1,092,990	957,955
Disposals	(1,106,265)	(1,384,177)
Net movement in fair value reserve	82,196	280,318
Balance at 31 December	**1,553,936**	1,485,015

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 2019 and 2018, the Group held the following classes of financial instruments measured at fair value:

Investments securities at FVOCI

	Total	Level 1	Level 2	Level 3
2019	**1,553,936**	**1,553,936**	-	-
2018	1,469,011	1,469,011	-	-

During the year ended 31 December 2019 and 2018, 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.

10. GOODWILL

	2019	2018
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

The recoverable amounts of these CGUs have been based on value-in-use calculations using cashflow projections from financial budgets approved by management covering a five-year period. Based on this exercise, the Group concluded that there were no indications of impairment. The key assumptions used in calculations are set out in the table below:

	Qatar Jet Fuel Co. W.L.L		Woqod Vehicle Inspection Co. W.L.L	
	2019	2018	2019	2018
Revenue growth	7.5%	10%	10%	10%
Expenses growth	3%	3%	3%	3%
Discount rate	5%	5%	5%	5%

Revenue growth was projected considering the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from industry statistical analysis of long-term market trends.

Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount rates are derived from the Group's weighted average cost of capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining discount rates, regard has been given to various market information, including, but not limited to, government bond yield and market risk premium.

Management believes that any reasonably possible change in key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

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11. INVENTORIES

	2019	2018
Fuel inventory	216,792	234,326
Materials and spare parts	146,193	120,993
Retail stores inventory	31,708	41,477
Other inventory items	44,395	32,979
	439,088	429,775
Provisions slow moving items	(12,523)	(7,325)
	426,565	422,450

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

	2019	2018
Balance at 1 January	7,325	1,346
Provided during the year	5,198	5,979
Balance at 31 December	**12,523**	7,325

12. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 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:

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

12. RELATED PARTY TRANSACTIONS (CONTINUED)

a) Transactions with related parties (continued)

		2019	2018
Qatar Petroleum	Sales	163,832	107,806
	Purchases	20,100,209	20,483,548
Qatar Gas	Sales	1,435,795	881,235
	Services	-	286
North Oil Company	Sales	172,699	150,868
Rasgas	Sales	9	64,118
Gulf Drilling International	Sales	25,257	27,170
Amwaj Catering Services	Sales	26,528	25,649
	Services	27,002	21,852
Oryx Gtl	Sales	10,758	11,232
Qatar Steel Company	Sales	11,745	10,899
Nakilat Agency Co.	Sales	33,664	9,382
	Services	-	2,568
Qatex Limited	Sales	9,806	8,743
Qatar Aluminium	Sales	8,324	8,071
Dolphin Energy Limited.	Sales	8,516	7,271
Qatar Petroleum Development	Sales	4,401	4,954
Qatar Chemical Company Ltd	Sales	3,339	3,073
Qatar Fuel Additives Company	Sales	2,064	2,343
Qatar Galvanizers	Sales	1,276	1,333
Others	Sales	17,303	2,780

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.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Balances due from related parties:

	2019	2018
Qatar Petroleum	130,423	322,397
Qatar Gas Operation Co. Ltd.	155,008	57,454
Rasgas	1,198	23,133
North Oil Company	21,735	8,722
Nakilat Agency Co.	956	5,273
Gulf Drilling International	3,883	5,172
Qatar Fuel Additives Company	539	2,783
Gulf Helicopters	1,021	2,461
Dolphin Energy Limited.	1,174	1,617
Qatar Petrochemical Company	75	1,002
Qatar Aluminium	667	748
Amwaj Catering Services	1,739	742
Qatar Gas Transport Co. Limited	642	608
Qatar Petroleum Development	900	525
Qatar Steel Company	762	510
Qatar Chemical Company Ltd	195	387
Qatar Fertiliser Company	314	98
Qatar Galvanizers	59	92
Qatar Gas Operating Company	-	45
Qatar Vinaly Co. Ltd.	14	41
Oryx Gtl	104	40
Gasal	49	35
Seef Ltd.	13	6
Al Shaheen Well Services Co.	-	5
Qatex Limited	731	-
	322,201	433,896

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

12. RELATED PARTY TRANSACTIONS (CONTINUED)

c) Balances due to related parties:

	2019	2018
Qatar Petroleum	2,871,590	4,629,327
Amwaj Catering Services	12,684	-
Qatex Limited	-	31
	2,884,274	4,629,358

	2019	2018
Non-current portion	80,743	232,776
Current portion	2,803,531	4,396,582
	2,884,274	4,629,358

d) Compensation to key management personnel

	2019	2018
Salaries of executive management	11,781	8,640
Board's remuneration (i)	11,820	9,870
Secondment Allowance	7,798	8,210
Other committee allowances	435	455
	31,834	27,175

(i) Board of Directors' remuneration for the year is subject to approval at the ordinary general assembly meeting of the Company to be held on 18 March 2020.

13. TRADE RECEIVABLES

	2019	2018
Trade receivables	1,597,902	2,626,154
Less: impairment of receivables	(112,966)	(108,650)
	1,484,936	2,517,504

a) The aging for trade receivables is as follows:

	2019	2018
Current	1,019,448	1,997,634
1-30 days	177,024	228,266
31 to 60 days	78,490	79,716
61 to 90 days	64,365	49,458
91 to 180 days	89,456	79,977
181-365 days	163,671	80,154
More than 365	5,448	110,949
	1,597,902	2,626,154

b) Movement in the impairment of receivables:

	2019	2018
At 1 January	108,650	30,806
IFRS 9 adjustment	-	43,683
Provided during the year	7,166	34,252
Write off	(2,850)	(91)
At 31 December	**112,966**	108,650

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)

14. PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
Staff advances and loans	25,757	29,044
Advances, deposits and prepaid expenses	57,998	34,075
Receivable from Ministries	64,986	64,986
Other receivables	10,615	65,146
	159,356	193,251

15. CASH AND BANK BALANCES

	2019	2018
Cash	325	62
Balances with banks - Current and call accounts	178,274	471,851
- Fixed deposits	2,434,570	2,692,481
Cash and cash equivalents	**2,613,169**	**3,164,394**
Fixed deposits having maturity more than 3 months	400,565	402,028
Cash and bank balances	**3,013,734**	3,566,422

16. SHARE CAPITAL

Authorized:	2019	2018
1,000,000,000 ordinary shares of QR 1 each (2018: 100,000,000 shares of QR 10 each)	1,000,000	1,000,000
Issued and fully paid up share capital: 994,255,760 ordinary shares of QR 1 each (2018: 99,425,576 shares of QR 10 each)	994,256	994,256

During the year, the Company has split the existing shares of QR 10 each to QR 1 each. Refer to Note 27

17. 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.

18. FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of investment securities at FVOCI until the assets are derecognized.
Movement in the fair value reserve related to financial assets at FVOCI is as follows:

	2019	2018
At 1 January	(7,485)	(128,075)
IFRS 9 adjustment	-	(165,031)
Net change in fair value	80,640	285,621
At 31 December	**73,155**	(7,485)

19. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	Future minimum lease payments		**Interest**		**Present value of minimum lease payments**	
	2019	2018	2019	2018	2019	2018
Less than one year	26,017	7,769	5,866	1,444	20,278	6,325
Between one and five years	76,285	27,840	13,892	2,399	62,392	25,441
More than 5 years	57,774	-	14,774	-	42,998	-
	160,076	35,609	**34,532**	3,843	**125,668**	31,766

During the current year, the Group has capitalized right-to-use assets in compliance with IFRS 16. The assets are capitalized as part of right-of-use assets. The present value of minimum lease payments is determined using a discounted factor, which is the addition of risk-free rate and market risk premium.

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

20. EMPLOYEES' END OF SERVICE BENEFITS

	2019	2018
Balance at 1 January	91,545	130,532
Provided / (reversal) during the year	43,460	(13,470)
Paid during the year	(45,759)	(25,518)
Balance at 31 December	**89,246**	91,544

21. DECOMMISSIONING PROVISION

Provision was made during the year in respect of the Group's obligation to decommission the assets at the end of the lease term.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The Group has been provided with a range of reasonably possible outcomes for the total cost, reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate which is the addition of risk-free rate and market risk premium.

22. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables (suppliers and contractors payable)	147,442	90,685
Retentions payable	42,150	49,381
Accruals, provisions and other payables	640,010	603,422
	829,602	743,488

23. REVENUES

	2019	2018
Sale of fuel products	21,095,441	21,842,845
Sale of non-fuel products	1,122,572	1,035,992
Revenue from services	228,245	276,048
	22,446,258	23,154,885

24. COST OF SALES

	2019	2018
Cost of goods sold	21,071,204	21,830,797
Depreciation	209,656	169,768
	21,280,860	22,000,565

25. OTHER INCOME

	2019	2018
Dividend income	85,478	82,612
Rental income	146,893	134,249
Miscellaneous income	25,186	97,391
	257,557	314,252

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Staff cost and related benefits	157,416	158,654
Depreciation	54,931	52,994
Office expenses	31,935	24,067
Other expenses	32,905	38,375
Impairment / reversals of provisions	10,629	85,046
Interest Expense	22,572	690
Selling and marketing expenses	23,345	11,751
	333,733	371,577

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

27. 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:

	2019	2018
Profit for the year attributable to the Owners of the Company	**1,216,382**	1,160,112
Weighted average number of shares outstanding during the year	994,256	994,256
Basic and diluted earnings per share (in QR)	**1.22**	1.17

As per the instructions of Qatar Financial Market Authority (QFMA), the Extraordinary General Assembly on 25 March 2019 approved 10 new shares with a par value of QR 1 in exchange of 1 existing shares of QR 10 each. This led to an increase in the number of authorized and outstanding shares from 99,425,576 to 994,255,760. Consequently, weighted average number of shares outstanding has been retrospectively adjusted.

28. DIVIDENDS

The shareholders approved a cash dividend of QR 8 per share (QR 0.8 per share post-split), amounting to QR 795.4 million for the year ended 31 December 2018 at the Annual General Assembly meeting held on 25 March 2019 (2017: cash dividend of QR 8 per share (QR 0.8 per share post-split) amounting to QR 795.4 million).

The Board of Directors has proposed cash dividends of QR 0.8 per share, amounting to a total of QR 795.4 million for the year ended 31 December 2019. The proposed dividend will be submitted for approval at the Annual General Assembly meeting.

29. 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.

30. COMMITMENTS AND CONTINGENCIES

Capital commitments

	2019	2018
Capital commitments	**53,705**	216,097

Contingent liabilities

	2019	2018
Bank guarantees	**103,552**	99,587
Letters of credit	**1,357**	2,348

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.

31. LEASES

a) Leases as lessee

The Group leases warehouses, plots of land and vehicles. The leases typically run for a period of range of 5 to 30 years.

i) Amounts recognised in profit or loss

2019 – Leases under IFRS 16	
Interest on lease liabilities	**4,513**
Income from sub-leasing right-of-use assets presented in 'Other income'	**-**
Expenses relating to short-term leases	**28,265**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**-**

2018 – Operating leases under IAS 17	
Lease expense	38,969
Sub-lease income presented in 'Other income'	-

ii) Amounts recognised in statement of cash flows

	2019
Total cash outflow for leases	**18,145**

iii) Extension options

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

b) Leases as lessor

The Group leases out its investment property consivsting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

Operating lease

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

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

31. LEASES (CONTINUED)

b) Leases as lessor (continued)

Operating lease (continued)

2019- Operating lease commitments – Group as a lessor	
Less than one year	194,490
One to two years	153,936
Two to three years	156,994
Three to four years	150,713
Four to five years	139,591
More than five years	48,416
Total	**844,140**

2018 – Operating leases under IAS 17	
Less than one year	120,009
Between one and five years	205,145
Total	325,154

32. COMPARATIVE FIGURES

Comparative figures for the previous year have 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.