



2020

ANNUAL  
REVIEW



قطر للطاقة  
QatarEnergy

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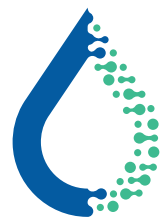
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QatarEnergy





His Highness

**Sheikh Tamim bin Hamad Al Thani**

The Amir of the State of Qatar



His Highness

**Sheikh Hamad bin Khalifa Al Thani**

The Father Amir



His Highness

**Sheikh Abdullah bin Hamad Al Thani**

The Deputy Amir

# About QatarEnergy

## Profile

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QatarEnergy (formerly known as “Qatar Petroleum”) is the national oil and gas company of the State of Qatar. It is tasked with the primary responsibility of sustainably developing the country’s abundant oil and gas resources and in spearheading the continued growth of Qatar’s oil and gas industry.

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## Brief History

The history of QatarEnergy and Qatar’s oil and gas industry can be traced back to the early 1930s, when geologists began conducting surveys in Qatar, following the discovery of oil in neighboring countries. The geological surveys and subsequent drilling activities eventually led to the discovery of the Dukhan oil field in 1939.

Further exploration and production activities, however, were suspended due to World War II, and it wasn’t until in 1947 that commercial production finally began in the Dukhan Field. Qatar then made its first-ever oil export with the shipment of 15,433 long tons of crude oil from Mesaieed Port to Europe on December 31, 1949.

As the development of the onshore Dukhan Field continued, further exploration activities soon discovered other oil and gas fields in the country’s offshore areas. Qatar’s first offshore field –the Idd El-Shargi Field– was discovered in 1960, and it was followed by the discovery of the Maydan Mahzam Field in 1963 as well as the Bul Hanine and El-Bunduq Fields in 1965.

Then came the historic discovery in the North Field in 1971 and Al Shaheen Field in the mid1970-s. The North Field is the world’s largest non-associated gas field. Al Shaheen Field, on the other hand, has the distinction of being Qatar’s largest oil field, and it currently produces up to 300,000 barrels of oil per day.

To effectively manage the country’s oil and gas resources including those that would be discovered later, Qatar General Petroleum Corporation, or QGPC, was established through Emiri Decree No. 10, which was issued on July 4, 1974. The main objective of the company was “to engage in all phases of the oil industry in Qatar and abroad” including the exploration, drilling and production of oil and natural gas as well as the refining, transport, trading and export of these hydrocarbon substances and their by-products. QGPC was eventually renamed and rebranded as Qatar Petroleum, in January 2001.



## Current Operations

Throughout the decades, QatarEnergy has remained true to its mandate of leading the development of Qatar's oil and gas industry. Today, QatarEnergy's operations cover a wide range of upstream and downstream activities throughout the State of Qatar. From its headquarters in the capital Doha, QatarEnergy manages extensive operations in Dukhan along the western side of the Qatari peninsula, Ras Laffan in the north, Mesaieed in the south, as well as in Qatar's offshore areas including Halul Island in the northeast.

QatarEnergy is actively involved in the entire spectrum of the oil and gas value chain. It also supports the country's oil and gas and petrochemical industries through its industrial cities and through the activities of its many joint ventures and subsidiaries. Its companies and joint ventures supply major customers around the world with various types of products, including petrochemicals, liquefied natural gas (LNG), gas-to-liquid (GTL) products, helium, fertilizers, steel, aluminum, and more.

A key factor in QatarEnergy's continued success is its close partnership with international oil companies in the implementation of a large number of oil and gas projects, as well as in a growing number of exploration and production activities in regions like Latin America, Africa, and the Mediterranean. In addition, QatarEnergy has substantial global investments in LNG terminals, petrochemical projects, and refining facilities.

QatarEnergy's corporate strategy revolves around six major themes:

- Strengthen QatarEnergy's technical capabilities and operating model.
- Maximize upstream value to the State of Qatar.
- Create a large-scale value-adding international portfolio.
- Reinforce Qatar's LNG and global gas position.
- Maximize added value of Qatar's downstream businesses.
- Promote energy efficiency and optimum energy mix in Qatar.

For more information please visit our website:

[www.qatarenergy.qa](http://www.qatarenergy.qa)



# Board of Directors



**H.H. Sheikh  
Abdullah bin  
Hamad Al Thani**

The Deputy Amir  
Chairman of the Board



**H.E. Saad  
Sherida  
Al-Kaabi**

Minister of State for Energy Affairs  
Vice Chairman, President and CEO



**H.E. Sheikh  
Mohammed bin  
Hamad Al-Thani**

Minister of Commerce and Industry  
Member



**H.E. Ali  
bin Ahmed  
Al-Kuwari**

Minister of Finance  
Member



**Sheikh Khalid  
bin Khalifa bin  
Jassim Al-Thani**

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CEO of Qatargas  
Member



**Mr. Nasser  
Khalil  
Al-Jaidah**

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Member



**Mr. Saeed  
Mubarak  
Al-Muhannadi**

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Member







# Executive Leadership Team



**H.E. Saad Sherida Al-Kaabi**  
Minister of State for Energy Affairs  
President and CEO



**Ahmad Saif Al-Sulaiti**  
Executive VP - Operations



**Khalid Mohammed Al-Hitmi**  
Executive VP - Subsurface  
Development & Exploration



**Jassim Mohd Al-Marzouqi**  
Executive VP - Commercial &  
Business Development



**Mohamed Salem Al-Marri**  
Executive VP - Projects, Engineering  
& Procurement Services



**Abdulrahman Ahmad Al-Shaibi**  
Executive VP - Finance & Planning



**Abdulaziz Mohammed Al-Mannai**  
Executive VP - Human Capital



**Abdulaziz Jassim Al-Muftah**  
Executive VP - Industrial Cities



**Abdulla Ahmad Al-Hussaini**  
Executive VP - Marketing



**Ahmad Saeed Al-Amoodi**  
Executive VP - Surface Development  
and Sustainability



**Nabeel Mohammed Al-Buenain**  
Executive VP - HSE & Business Services



**Mohamed Essa Al-Mannai**  
General Counsel and Board Secretary



**Ali Nasser Telfat**  
Corporate Manager, CEO Office



**Ayoob Olia**  
Corporate Manager, Internal Audit



## Saad Sherida Al-Kaabi

Minister of State for Energy Affairs  
Vice Chairman, President and CEO

2020 was not an ordinary year, but rather a very difficult and demanding one. A year full of unprecedented challenges posed by a global pandemic that has swept the world and affected every aspect of our lives and businesses.

We managed to navigate the hardships of the year with a combination of agility, sound decision making, precautions where necessary, and an incredible commitment by our people. From day one, we saved no effort to manage the spread of COVID-19 and alleviate its impact. Our utmost priority was the protection and well-being of the health of our people and the integrity of our assets and operations.

A Crisis Management Committee was immediately activated to face the pandemic with swift actions within our organization and across Qatar's energy sector, driven by consistent and effective communication.

With the great support of the Executive Leadership Team, we began a "new normal" work environment in March with an unprecedented organization-wide "work from home" policy, thanks to a first-class performance by our talented IT colleagues and a resilient commitment by all our staff.

Our doctors, nurses, and technicians stood selflessly at the front defense line against this virus and played an important role in fighting it, aligned with a wider national effort led by the Ministry of Public Health. Equally selfless, were all our offshore and onshore staff, who worked tirelessly to ensure the uninterrupted flow of energy within Qatar and to the world.

The fight against the pandemic did not reduce our focused attention on the job at hand: taking our organization to greater heights to become one of the world's best energy companies. We continued our determined efforts to expand Qatar's LNG production capacity to 126 million tons per annum by 2027. In January 2020, we commenced the installation of the first two Jackets required for offshore facilities as part of the North Field Expansion project. By April, we announced the start of the development drilling campaign for the North Field East Project following the spudding of the first of 80 development wells.

In the second quarter of 2020, we committed to the largest LNG shipbuilding program in history. Construction capacity of up to 100 ships valued in excess of QR 70 billion was reserved to cater for our LNG growth plans. This was done through the signing of four agreements to reserve LNG ship construction capacity in the People's Republic of China and in the Republic of Korea to be utilized for our future LNG carrier fleet requirements, including those for the ongoing expansion projects in the North Field, and in the United States.

# Message from the President and CEO

Our international footprint continued to grow during 2020 with new exploration partnerships in Mexico, Côte d'Ivoire, and Angola. And in October, we announced an important discovery in the Brulpadda prospect in South Africa, following an earlier discovery in 2019.

Throughout 2020, we continued to be active in various parts of the LNG value chain, with the target of providing our customers around the globe with access to reliable LNG supplies. This included the first long-term LNG Sale and Purchase Agreement under our newly established LNG trading arm, mandated with building a globally diversified portfolio of third party and equity LNG. In addition, we signed an important long-term LNG Sale and Purchase Agreement for the supply of up to 3 million tons per annum of LNG over 15 years to the State of Kuwait to support meeting its growing energy needs.

We also entered into long-term agreements to secure LNG receiving, storage and regasification services at: (i) the Montoir-de-Bretagne LNG Terminal in France for the equivalent of almost 3 million tons per annum of the terminal's throughput capacity; and (ii) the Isle of Grain LNG receiving terminal in the UK for the equivalent of up to 7.2 million tons per annum of the terminal's future throughput capacity.

In our effort to strengthen Qatar's competitive position in the downstream sector, we entered into an agreement to acquire Yara's 25% stake in Qatar Fertilizer Company (QAFCO), which was subsequently sold to Industries Qatar (IQ). We also successfully concluded the integration of SEEF Limited's operations into our refining operations, further building on our world-class refining operations.

In that effort, we also successfully integrated the activities of Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (Muntajat) into our organization, enabling QatarEnergy -as marketing agent- to continue expanding the global reach of Qatar's petrochemical and chemicals marketing, and to remain the partner of choice providing superior products and excellence in customer service.

We continued to support Qatar's economy with the commencement of the In-Country Value (ICV) evaluation in the energy sector tenders through "Tawteen", the localization program for services and industries in Qatar's energy sector. The ICV program is designed help energy sector suppliers and contractors, who are contributing most to the local economy, gain a commercial advantage in the competitive bidding process.

Our Human Capital continues to be, at the center of everything we do, and the development of people did not stop throughout the year as we continued strengthening the leadership competencies and enhancing the technical capabilities of our talent. In this spirit, we launched a series of HR initiatives such as the Resilience Webinars and the Employee Assistance Program to support employees during these uncertain times.

In 2020, we honored 74 of our long-serving employees in recognition of their commitment and dedication to realizing its vision and strategic objectives throughout career milestones of 30, 35, and 40 years of service. We also honored 214 Qatari graduates, who have successfully completed their academic studies and training programs, and joined the ranks of Qatar's energy sector companies.

In this report, I am proud to present our 2020 achievements, which would not have been possible without the wise guidance and unlimited support of His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, for which we are very grateful.

**Saad Sherida Al-Kaabi**  
President and CEO









## Qatar's Hydrocarbon Reserves

As of December 31, 2020, Qatar's confirmed hydrocarbon reserves amounted to approximately 387.0 billion barrels of oil equivalent. These reserves consisted of approximately 1,756.1 trillion standard cubic feet of natural gas, 2.48 billion barrels of crude oil and 71.73 billion barrels of condensate.

## Production

	2019	2020
Crude Oil Production from QatarEnergy-Operated Fields	246,017	296,309
	barrels per day	
Total Oil Production from QatarEnergy-Operated and Non-QatarEnergy-Operated Fields	590,572	594,477
	barrels per day	
Natural Gas Production	681	676
	billion Btu per day	
Refinery Throughput	110,078	106,712
	barrels per day	
Total Exported Volume of Petroleum Products	60.2	85.83
	million metric tons	

QatarEnergy Operated Assets Only

## HSE

Lost Time Injury Rate of Employees & Contractors	0.12
	Per 1 million working hours
Total Recordable Injury Rate of Employees & Contractors	0.34
	Per 1 million working hours
Total Greenhouse Gas Emissions	5,816,601
	tons of CO <sub>2</sub> eq
Flaring	11,535
	mmscf
Total Volume of Waste Generated	96,427
	tons
Percentage of Hazardous Waste Recycled	17.7%

\* QatarEnergy Operated Assets Only

# Key Figures For 2020

## Financials

	2019	2020
Total Assets (year-end)	<b>455.9</b> billion QAR	<b>422.3</b> billion QAR
Total Equity (year-end)	<b>409.5</b> billion QAR	<b>382.6</b> billion QAR
Total Revenues	<b>108.3</b> billion QAR	<b>76.4</b> billion QAR
Total Expenses*	<b>63.4</b> billion QAR	<b>47.6</b> billion QAR
Net Operating Profit	<b>45.0</b> billion QAR	<b>28.9</b> billion QAR
Share in Profits of JVs & Associates	<b>40.6</b> billion QAR	<b>19.8</b> billion QAR
Tax Expenses	<b>14.2</b> billion QAR	<b>8.1</b> billion QAR
Total Net Profit	<b>72.8</b> billion QAR	<b>41.2</b> billion QAR

\*After adjusting Other Income and Excluding Finance Charges/Taxes

# Upstream Operations

As a major player in the global oil and gas industry, QatarEnergy is relentless in its efforts to develop the State of Qatar's energy resources, thus taking a key role in the country's unprecedented growth and in helping meet the world's rising energy requirements. QatarEnergy is committed to harnessing these resources in a sustainable manner, as it implements various upstream projects for the continued development of Qatar's onshore and offshore fields.

## Operated Fields

### Dukhan Field

Discovered in 1939, Dukhan Field was Qatar's first oil and gas field, and remains to be its only onshore field. Located on the western side of the Qatar peninsula, Dukhan Field measures around 70 kilometers in length and 10 kilometers in width. It is divided into the following four sectors from north to south: Khatiyah, Fahahil, Jaleha, and Diyab.

The three main oil reservoirs of Dukhan Field are the Upper Jurassic Arab C, Upper Jurassic Arab D, and the Middle Jurassic Uwainat. It also has a gas reservoir, the Permian Khuff reservoir. Oil and gas produced from the field are transported by pipeline to Mesaieed for further processing. As of 2020, there were 311 producing oil wells, 237 water injectors and 58 gas wells in the Field.

Two major projects are currently being implemented for the redevelopment of the Dukhan Field. The first is the Enhanced Water Flood (EWF) Project, which started in 2016 and is expected to be completed in 2028. The EWF involves an extensive infill drilling campaign targeting the remaining oil in all three oil reservoirs (Arab C, Arab D, and Uwainat).

The second major project in Dukhan Field is the CO<sub>2</sub> Water-Alternating-Gas (WAG) Pilot Project, which was initiated to improve the recovery factor and enhance production output. Forecasts suggest that more than 150 MMstb of additional oil can be recovered from the field through a CO<sub>2</sub> WAG injection scheme.





Under the pilot project, 13 CO<sub>2</sub> wells will be drilled targeting the Upper Arab C, Lower Arab C and Arab D reservoirs (six producers, three injectors, and four observation wells), the drilling of these wells started in 2021 and will continue in 2022. The first water injection is expected in 2023 (interim operation under waterflood) and the CO<sub>2</sub> injections is expected in 2026 after completion of CO<sub>2</sub> disposal facilities. The pilot project will help evaluate the reservoir performance and gather reservoir data for the full-sector implementation, and it will also build experience in operating a CO<sub>2</sub> WAG.

A total of 55 wells were drilled across Dukhan Field in 2020, and 52 others were worked over to enhance production and address well integrity issues. As of the end of the year, four drilling rigs and two workover rigs were in operation to meet the well work requirements. A robust, field-wide gas lift optimization and waterflood management process continued in 2020 to optimize the gas lift system and properly manage the waterflood projects in the main three reservoirs. This included workflows to optimally manage the production-injection balance based on real-time data in the field.

The Arab D gas cap continues to be operated under a gas recycle mechanism, maximizing the liquid recovery from the gas cap. In support of plans to expand the area undergoing gas recycling, a pilot well was drilled in 2020 to help understand condensate yields and support expansion plans. The Khuff reservoir continues to be managed as a strategic gas storage facility for the State of Qatar. In 2020 two wells were drilled to help in fulfilling this requirement.

Dukhan Field characterization continued throughout 2020, with updates to the 3D Evergreen Geologic Modeling (EGM) for the main reservoirs already completed and with good progress being made on the Dukhan 3D Seismic Pre-Stack Depth Migration (PSDM) reprocessing. This work, together with ongoing simulation studies, is being used to support future development plans and is also underpinning the next generation of Dukhan models.

## Maydan Mahzam Field

The Maydan Mahzam (MM) Field was discovered in October 1963 and started production in November 1965. The field is located around 110 kilometers northeast in offshore Qatar, and it is about 16 kilometers southeast of Halul Island.

The field consists of a series of heterogeneous carbonate reservoirs. The Arab C and Arab D under-saturated reservoirs are the most prolific in the field, accounting for as much as 95% of the field's total production. It also has Mid-Jurassic reservoirs, which were put into production in the late 1980s, but most of their wells were shut-in for

reservoir management in 2011 to preserve reservoir energy. The Permian Khuff reservoir was discovered there in 2012.

Maydan Mahzam produces crude oil along with associated gas, and these are channeled to the Production Station 2 (PS-2) complex, where the oil, gas and water separation process takes place. The crude oil is then sent to Halul Terminal through a 14 inch pipeline for storage and subsequent export to international customers, while the associated gas is sent also by pipeline to Mesaieed for processing. The produced water, on the other hand, is reinjected back into the overlying aquifers and used to maintain reservoir pressure.

QatarEnergy has been working since 2010 on a redevelopment program for the MM field to maximize production. An internal viability study, for instance, had assessed the feasibility of developing the field's Mid-Jurassic reservoirs synergistically with the currently producing Arab reservoirs. Shell was awarded a contract in 2013 to review this viability study and to conduct a conceptual study on possible redevelopment scenarios.

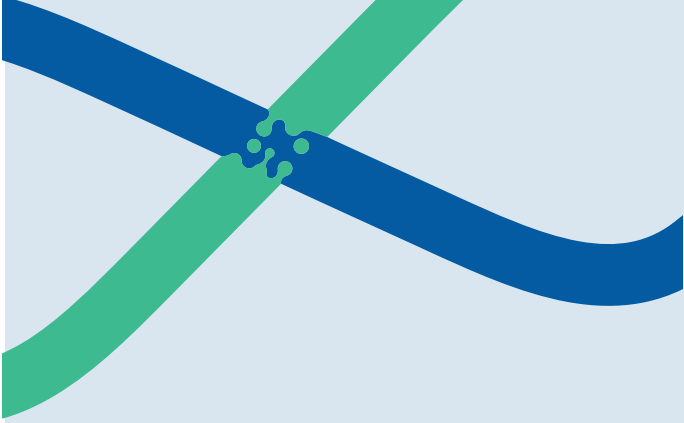
Two concepts were eventually proposed in 2016, and QatarEnergy management selected what is known as the "Minimum CAPEX Concept" in 2017. It generally involves the re-use of the PS-2 complex including a minimum upgrade in order to accommodate mainly Arab D production. It also includes the installation of one new wellhead platform as well as the drilling and/or re-drilling of over 30 wells.

Various reservoir surveillance activities were conducted, and QatarEnergy also ensured the quality completion of the outsourced upgrades for the Arab and Mid-Jurassic reservoir models.

## Bul Hanine Field

The Bul Hanine (BH) Field is an offshore field that was discovered in 1965 and started production in 1972. It is located about 120 kilometers east of the Qatari coastline, with water depths ranging from 15-40 meters. The field covers an area of about 18 kilometers in length and 9 kilometers in width.

Bul Hanine is made up of a series of heterogeneous carbonate reservoirs. The field has two small gas reservoirs, called Arab A and B, which have not been developed. The Arab C, on the other hand, is an important oil rim capped by rich gas, which was put into production but was eventually shut-in for reservoir management, and the same was done with the Mid-Jurassic reservoirs—the Araej Upper B and Uwainat. The field's Permian Khuff reservoir was discovered in 1974, while the Hamlah reservoir, which is of Triassic formation, was discovered in 2009.



The Arab D under-saturated oil reservoir is the most developed and most important in the BH field, contributing over 95% of the field's current total production. The produced oil along with the associated gas flow to the Production Station 3 (PS-3) complex, where the oil, gas and water are then separated. From there, the crude oil is sent by subsea pipeline to Halul Terminal for storage and export, while the associated gas is sent to Mesaieed for processing into a wide range of refined products. As with the MM Field, the produced water from the BH field is reinjected back into the overlying aquifers to be used in maintaining reservoir pressure through water dump flooding.

In line with its objective to boost production as well as to extend the field's life, QatarEnergy announced in May 2014 the implementation of the Bul Hanine redevelopment project.

Phase 1 of the Bul Hanine redevelopment project involves the drilling of 30 new wells and the installation of four new wellhead jackets and the required production hub platforms to be connected to the existing PS-3 complex. This phase is currently at EPIC stage, with the drilling campaign already completed in mid-2019.

## Idd El Shargi - North Dome & South Dome Fields

Idd El Shargi offshore field is located about 85 kilometers east of Doha, and it consists of the North Dome (ISND) Field and the South Dome (ISSD) Field. The ISND was discovered in 1960 and started production in 1964, while the ISSD was discovered in 1961 and started production in 1999.

Occidental Petroleum Qatar Limited (OPQL) has operated both fields under a Development and Production Sharing Agreement (DPSA) signed in October 1994 for the ISND field and in December 1997 for the ISSD. On 7th October 2019, QatarEnergy assumed the management and operatorship of ISND and ISSD following the expiry of the development and production sharing agreements with OPQL.

In 2020, a complete well integrity review of 126 low risk wells out of 270 wells, was carried out. All completion diagrams and wells history were collected and evaluated. A total of 149 well services jobs, including gas-lift valves change outs, well integrity investigations and pressure surveys, had been conducted. Total of 9 ESP workovers and 10 well integrity workovers were completed to safeguard the existing oil and gas production.

During the transition period in 2019, a complete review of the well integrity of the 218 oil producers, including 36 ESP wells and 107 injector wells, was carried out. All completion diagrams and wells history were collected. A total of 35 well services operations, including gas-lift valves change outs, well integrity investigations and pressure surveys, had been conducted since the transition.

The average 2020 production rate for ISND field is 55,959 bpd of crude oil and 45 mmscfd of gas, while the ISSD field produces average of 7,545 bpd of oil and 3 mmscfd of gas. The produced oil goes first to the Production Station 1 (PS-1) complex 1 for a two-phase separation. The liquid production is sent by pipeline to Halul Terminal for de-watering, oil storage and export. On the other hand, some of the produced gas is used for fuel and the remainder is exported to Mesaieed. Produced water is disposed of by injection into disposal wells, supported by a wellhead jacket. All reservoirs at the ISSD field have been developed using horizontal production wells and water injection wells.

QatarEnergy is currently implementing the remaining Optimized Phase 5 Full Field Development Plan (FDP), which is aimed at increasing recovery and sustaining ISND's production capacity. The project consists of 113 remaining well projects (67 new wells and 49 re-drills), a compressor upgrade, and four new 16 slots wellhead jackets with associated intrafield flowlines and umbilicals. In 2020, 2 oil producers and 1 water injector were drilled as part of the Phase 5 development. As part of Phase 5.1, 1 new jacket was installed in December 2020. Topside installation and commissioning is planned within Q3-Q4 2022, and first oil from this new jacket is expected by January 2023. Phase 5.2 FEED started in November 2020.

## Al Rayyan Field

Al Rayyan (ALR) Field was discovered in 1976, but production from the field started 20 years later in November 1996. It is located 50 kilometers north of the Qatar peninsula. The offshore field has been operated by various companies over the years, starting with the ARCO consortium in the 1990s, Anadarko in 2002, and then Occidental Petroleum (Oxy) in 2007. After the expiry of the Exploration and Production Sharing Agreement (EPSA) with Oxy, QatarEnergy has taken over the operatorship of the field since June 2017.

Al Rayyan Field consists of two producing reservoirs, the Arab A and Arab C, which are carbonate formations belonging to the Upper Jurassic Qatar Formation. The Arab A reservoir is mainly limestone, while the Arab C reservoir is layered dolomite.

The current production from the field's 17 wells (six in Arab A and 11 in Arab C) is approximately 4,500 barrels per day (bpd). The oil produced from Al Rayyan Field is processed at the Al Morjan platform, which is located at the center of the core field area. The crude oil is then stored in a floating storage and offloading (FSO) vessel and eventually exported from a single buoy mooring (SBM).

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# Non-Operated Fields

## Al Shaheen Field

Discovered in the 1970s, Al Shaheen is the largest oil field in Qatar and one of most complex oil fields in the world. It is located 80 kilometers north of Ras Laffan, and it partly overlaps the giant North Field, with Al Shaheen Field found at a shallower depth. Although the field was initially deemed commercially unviable, it is now the country's largest producing oil field, accounting for as much as 45% of Qatar's total oil production.

Production from Al Shaheen Field started in 1994, and it was operated during that time by Maersk Oil. Following the expiry of the EPSA contract with Maersk Oil on July 14, 2017, North Oil Company (NOC)—a joint venture between QatarEnergy (70%) and Total (30%)—has taken over the operatorship of the field for the next 25 years.

In 2020, the oil production from Al Shaheen field was 88.8 million barrels. Al Shaheen crude is stored in two of the world's largest double-hulled FSO vessels and subsequently exported from a two buoy mooring (SBM).

To continuously improve the oil recovery rate, Al Shaheen Field has undergone many phases of development since 1994. After taking over the operatorship of the field in 2017, NOC has been implementing a phased approach to field development. Phase 1 involves the drilling of infill wells utilizing the available slots in the field, and in line with this, the company had already mobilized three jack-up rigs. As of the end of 2020, NOC had completed the drilling of a total of 49 development wells (42 Phase 1 and 7 Phase 2), 1 water disposal and 1 appraisal well.

Phase 2, which is also known as the Gallaf Project, involves the installation of five new wellhead platforms (three platforms in Phase 2.1 and two platforms Phase 2.2). The topsides fabrication were completed and were successfully installed in Q2020 4. First oil from Phase 2.1 is targeted in Q1 2021.

A total of 23 new development wells, 5 deep redrills, 6 integrity workovers and 4 appraisal wells are planned to be drilled in 2021. In addition to the four rigs currently operational in the field, a fifth rig is planned to be mobilized in April 2021. A significant effort is likewise being put into unlocking the field's potential by debottlenecking surface facilities constraints.

## Al Khalij Field

Al Khalij Field was discovered in 1991 and commenced production in March 1997. The offshore field is located about 130 kilometers northeast of the Qatari coast, and it is approximately 40 kilometers northeast of Halul Island.

The field has been operated by Total since its discovery, and when the original 25year EPSA contract, which was signed in 1989, expired in early 2014, QatarEnergy and Total formed a 60:40 joint venture to develop the oil field for another 25 years, with Total Exploration & Production Gulf (TEPG) as the operator.

In 2020, the total oil production from Al Khalij field was 3.8 million barrels. Oil from the field is transported by subsea pipeline to Halul Terminal, where it is processed and blended with production from a few other offshore fields and eventually sold as Qatar Marine Crude.

In line with efforts to sustain current production and increase oil recovery from the field, TEPG has been implementing Field Development Plan (FDP) 2016. It involves, among others, the drilling of new wells to bring in additional potential. In 2020, the drilling of one well of FDP16 wells was completed (FDP16 wells were drilled and completed in 2019).

TEPG submitted FDP 2019 to QatarEnergy in the second quarter of 2019 and it was approved for Block 6 only in July. FDP19 includes surface debottlenecking, drilling additional laterals and new wells, and acid fracturing two wells. This FDP is under execution.

## Al Karkara & A-Structures

Al Karkara & A-Structures are offshore fields located about 90 kilometers to the east of Doha. They consist of three small fields: Al Karkara, which was discovered in 1988, and the A-Structures (A-North and A-South), which were discovered in 1971.

The fields were initially considered non-commercial until the current operator, Qatar Petroleum Development Company Ltd. (QPD) –a joint venture between Cosmo Oil and Sojitz Corporation– managed to prove their commercial viability in the late 1990s. Since then, QPD has been operating the Al Karkara & A-Structures Fields under a DPSA that will expire in December 2022.

The concession is the first in offshore Qatar to produce oil and gas from reservoirs with a high concentration of hydrogen sulfide (H<sub>2</sub>S) and to have zero flaring through the re-injection of sour gas into the A-North Field. The produced water, meanwhile is being disposed of in the Umm Er Radhuma (UER) formation via a dedicated well, while the crude oil is sent to Halul Terminal through the main oil line (MOL) of PS-3.

In 2020, the total oil production from Al Karkara & A-Structures fields was 1.4 million barrels.

## El Bunduq Field

El Bunduq Field was discovered in 1965 and commenced production in 1975. This offshore field is located about 100 kilometers east of Doha, and it is equally owned by the State of Qatar and the Emirate of Abu Dhabi, as the oil field is found right on their maritime borders.

El Bunduq Field has been operated since 1970 by Bunduq Company Limited, which is fully owned by United Petroleum Development Co Ltd. of Japan. Following the expiry of the previous concession agreement on March 8, 2018, QatarEnergy signed a new agreement with the Abu Dhabi Supreme Petroleum Council (on behalf of the Government of Abu Dhabi), Abu Dhabi National Oil Company (ADNOC), United Petroleum Development Co Ltd (Japan), and Bunduq Company Limited for the continued development and operation of the field for another 20 years.

The latest FDP was approved during the concession renewal, and this will involve drilling three new infills and one new gas injector. The produced oil from the field is gathered at the central collector platform, routed to a production separator, and then sent to Abu Dhabi's Das Island for storage and export. The produced water, on the other hand, is treated and disposed into the UER formation via two dedicated disposal wells, while most of the associated gas is re-injected back into the reservoirs.

In 2020, the total oil production from El Bunduq Field was 4.3 million barrels. The company is evaluating the remaining potentials of the field for further development through its "Future Opportunity Study".

Name of Field	Average Oil Production in 2020 (KBOPD)	Average Gas Production in 2020 (MMSCFD)
<b>QatarEnergy-Operated Fields</b>		
Dukhan Field	174.8	290.0
Maydan Mahzam	18.1	26.5
Bul Hanine Field	32.5	32.5
Al Rayyan Field	4.1	0.22
Idd El-Shargi - North Dome (ISND)	56.0	43.7
Idd El-Shargi - South Dome (ISSD)	7.7	3.3
<b>Non-QatarEnergy-Operated Fields</b>		
Al Shaheen Field	242.9	168.6
Al Khalij Field	10.5	2.2
Al Karkara & A-Structures	3.9	8.4
El Bunduq Field	12.0	42.1



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## Halul Island

Roughly oval in shape and located around 80 kilometers northeast of the capital Doha, Halul Island plays a highly important role in offshore production activities in the State of Qatar.

The small strategic island, which covers only about 1.5 square kilometers in area, serves as the storage and export terminal for Qatar Marine Crude produced from the Maydan Mahzam Field, the Bul Hanine Field, Al Khalij Field, Idd El Shargi Field and Al Karkara and A-Structures.

Halul Island has 10 large floating roof crude oil storage tanks with a total capacity of 4.7 million barrels. It is also equipped with crude oil-pumping facilities and laboratories for the analysis of crude oil samples. The different grades of crude oil from Qatar's offshore fields are first blended to conform to export specifications, and then it is loaded onto tankers through two single buoy moorings (SBM). The crude oil can be pumped at a maximum rate of 75,000 barrels per hour.

Other facilities in Halul Island include a heliport for transporting staff to and from Doha, and a harbor for supply boats and other support vessels. The island has enough accommodation for over 1,600 QatarEnergy employees and contractor staff, and there are also various types of recreational facilities including a fitness center and a clubhouse with a swimming pool. It also hosts a military base, and the island imports power through two subsea composite cables feed from Ras Laffan to the Halul substation, with X6 power generators maintained as a backup.

As QatarEnergy continues to develop Halul Island, efforts are also continuing to protect the island's environment. For many years now, we have been working to protect the turtle nesting sites found there as well as the herd of gazelles, seabirds and other wildlife species living on the island.

Moreover, in order to reduce freshwater water consumption, about 100 cubic meters per day of treated sanitary wastewater from the wastewater treatment plant (WWTP) are used for landscaping to improve the greenery around the island. All generated solid wastes are also managed and incinerated in Halul.







# North Field

Discovered in 1971, the North Field is the world's largest single non-associated gas field. In November 2019, QatarEnergy announced that its appraisal activities revealed that the productive layers of the North Field extend well into Qatari land in Ras Laffan and that the confirmed gas reserves of the North Field exceed 1,760 Tcf.

## North Field Alpha

The first commercial exploitation of the North Field didn't begin until 20 years after its discovery. It only started in 1991 when QP commissioned the North Field Alpha (NFA) complex, which is located about 80 kilometers northeast off the coast of Qatar. Also often referred to as the Production Station 4 (PS-4) complex, NFA produces gas and condensate from the North Field from its 22 producing wells and three wellhead platforms (WHP1-, WHP-2 & WHP-3).

The gas and condensate are sent by separate pipelines to the Mesaieed NGL Complex and the QP Refinery, respectively. The resulting processed and refined products are then either used as feedstock by power plants and petrochemical plants or sold to the local and export markets. Some of the gas volumes produced from the NFA project are re-injected into the country's strategic gas storage reservoir in the Dukhan Field.

In 2020, the average production achieved in NFA was 761 million standard cubic feet per day (mmscfd) of gas and 19.0 thousand barrels per day (kbpd) of condensate.

Seven new wells had been drilled, completed and tested as part of the installation of a third wellhead platform (WHP3-) at NFA. The third platform, which is located about 2 kilometers away from the existing NFA complex, is required to come on stream before WHP1- and WHP2- are shut down for well workover activities. It will make up for the expected production loss at NFA, and once the workover operations are completed, production at NFA will then be spread over the three platforms. WHP3- will also support the NFA production plateau for an extended period.

The installation of new wellhead topsides, pipeline, umbilical and modifications at NFA had been completed by the second quarter of 2020 and the 7 new wells were put on production by May 2020.





## Other Gas Production Projects

In addition to the NFA complex, many other facilities operated by QatarEnergy's joint ventures are producing gas and condensate from the North Field. Among those are the North Field Bravo (NFB) and RasGas Alfa (RGA) complexes of Qatargas, which were commissioned in 1996 and 1999, respectively. NFB produces 1.6 billion standard cubic feet per day (bscfd) of gas and 35.5 thousand barrels per day (kbpd) of condensate from a total of 26 wells, while RGA's production output is 1 bscfd of gas and 28 kbpd of condensate from 15 wells. Apart from production from both NFB and RGA, Qatargas also has 11 remotely-operated wellhead platforms that produce up to 12.3 bscfd of natural gas and 312.5 kbpd of condensate.

All the gas along with the associated condensate is sent by subsea pipelines to onshore facilities, where the North Field gas is then processed by Qatargas' 14 LNG trains into liquefied natural gas (LNG). The condensate, on the other hand, is processed by the Qatargas-operated Laffan Refinery 1 and 2 into naphtha, jet fuel, gasoil and liquefied petroleum gas (LPG).

Qatargas also operates Al Khaleej Gas Project, which utilizes gas from the North Field to supply sales gas to power plants and other local industries. The first phase of the project, AKG-1, started commercial operations in November 2005, and it produces up to 770 mmscfd of sales gas. AKG-1 uses gas from several wellhead platforms in the Khuff Reservoir of the North Field. The second phase, AKG2-, was completed in December 2009 and produces up to 1,310 mmscfd of sales gas. Two new wellhead platforms were among the extensive facilities built in the North Field to provide raw feedstock for the AKG-2 plant. Other products of the AKG Project include field and plant condensate, natural gas liquids and ethane.

Several new wells in Qatargas had been drilled, completed, and tested from existing WHPs Spare slots as part of the NFPS Project. NFPS Project will support the NF production plateau for an extended period.

The Dolphin Project is another major project that utilizes a substantial amount of North Field gas. From its two offshore production platforms, the gas is sent by subsea pipelines to Dolphin's gas processing and compression plant in Ras Laffan, where the condensate, ethane, LPG and sulfur are stripped out. The resulting lean gas, amounting to 2 bscfd, is then delivered to the United Arab Emirates (UAE) through a 48" subsea pipeline. The delivery of gas from the first stream commenced in 2007, while the second stream began the following year.

The company had implemented the Reservoir Management Optimization Project (RMOP) to enhance production by drilling and completing 4 new horizontal wells & 2 deviated wells by means of better/advanced completion technologies. In 2020, the average production achieved by Dolphin Energy Limited (DEL) was 2.2 bscfd of gas and 66.8 kbpd of condensate.

Other projects using gas from the North Field include Pearl GTL and Oryx GTL. The Pearl GTL which started production in 2011, is designed to produce 140,000 barrels per day of gas-to-liquids (GTL) products. For its part, Oryx GTL, which has been operating since 2006, has the capacity to produce up to 32,400 bpd of GTL products, including GTL diesel and GTL naphtha. In 2020, the average production achieved by Pearl GTL was 1.5 bscfd of gas and 50.2 kbpd of condensate.

In 2020, the average production from All North field projects is 19.9 bscfd of gas and 509.3 kbpd of condensate. The cumulative production is 7.3 Tscf of gas and 186.4 MMbbl of condensate.

Being a vast natural resource that is of great significance to Qatar's overall economic development, the North Field will undoubtedly continue to play a prominent role in Qatar's oil and gas activities. In fact, a major new development in the field is now ongoing with the implementation of the North Field Expansion Projects comprising North Field East (NFE) and North Field South (NFS) Projects. Once completed, these projects will increase Qatar's LNG production capacity from the current 77 million tons per annum (mtpa) to 126 mtpa by 2027, thus reinforcing Qatar's standing as the world's leading producer of LNG and a major player in the global gas industry.

# Downstream Operations

As articulated in its corporate strategy, QatarEnergy is focused on getting the most value out of Qatar's energy resources by engaging in a wide range of refining and petrochemicals activities and continuously developing the country's downstream sector.

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## The Refinery

One facility that has long been at the forefront of efforts to maximize added value from Qatar's oil and gas resources is QatarEnergy's Refinery in Mesaieed Industrial City (MIC).

Established in 1958, the refinery has a processing capacity of up to 127,000 barrels per day, with its feedstock consisting mainly of crude oil and condensate from the Dukhan Field as well as condensate from the North Field. The Refinery processes these into a wide range of products.

Among the refinery's main products are gasoline, diesel, liquefied petroleum gas (LPG), petrochemical naphtha (PCN), light gas oil (LGO) and jet A-1, which are then supplied to the local market to meet the increasing demand for these petroleum products. Some refined products, including naphtha, decant oil (DCO), gasoline and fuel oil are also exported to customers worldwide.

In 2020, the refinery processed a total of 39.1 million barrels of feedstock (crude and condensate), meeting 102.6% of its target for the year. It also provided a steady supply of petroleum products to the local market, without any interruption, to satisfy the demand for these products. In addition, the refinery continues to achieve good safety record in 2020 without major incidents, making it another year of continuous safety culture enhancement.



## Mesaieed Operations

In addition to the activities of the refinery, another way in which QatarEnergy is adding value to Qatar's energy resources is through its other major operations in Mesaieed, where it directly operates and manages the Mesaieed NGL Complex, the Mesaieed Tank Farm and Terminal, and the Hydrocarbon Pipeline Transmission & Distribution System in Qatar.

The Mesaieed NGL Complex is made up of various facilities that process natural gas liquids (NGL) from the Fahahil Stripping Plant and the Arab D Gas Plant in the Dukhan Field, from the North Field Alpha (NFA) platform in the North Field, as well as from offshore production stations in the Idd El-Shargi, Bul Hanine, and Maydan Mahzam Fields.

The resulting refined products are then either used as feedstock by local industries or exported to other countries. Fuel gas, for instance, is supplied to power plants and industrial facilities in Qatar, while butane is used by petrochemical companies, such as Qatar Fuel Additives Company (QAFAC) and Qatar Chemical Company (Q-Chem). Ethane is delivered to Qatar Petrochemical Company (QAPCO) and Ras Laffan Olefins Company (RLOC) for use in their manufacturing operations, while ethane-rich gas is also supplied to both QAPCO and Q-Chem for the same purpose. Among those exported, on the other hand, are NGL condensate, propane, butane and full range naphtha.

QatarEnergy has commissioned the NGL Feed Streams Integration Project to achieve operational flexibility and significantly improved efficiencies while reducing potential off-spec/flaring situations. In addition, quality improvements, value addition and revenue enhancements were successfully achieved at a minimal cost through in-house conceptualizing, testing and implementing the partial diversion of the NGL pentane stream from NGL condensate to crude oil and by the partial blending of NGL condensate into gasoline at QatarEnergy Refinery.

## Other Local Downstream Activities

QatarEnergy is also involved in many other downstream operations through its various joint ventures and subsidiaries. These include the Laffan Refinery 1 and 2, which are both operated by Qatargas.

Located in Ras Laffan Industrial City, Laffan Refinery 1 (LR1) processes the associated condensate from natural gas production into products, including naphtha, jet fuel, gasoil and LPG. LR1 has a processing capacity of 160,600 barrels per stream day (bpsd) and can produce up to 81,000 bpsd of naphtha, 61,600 bpsd of jet fuel, 24,000 bpsd of gasoil, and 935 tons per day (tpd) of LPG. The

shareholders of LR1 are QatarEnergy (51%), Total (10%), ExxonMobil (10%), Cosmo (10%), Idemitsu (10%), Mitsui (4.5%) and Marubeni (4.5%).

Laffan Refinery 2 (LR2), which started commercial production in 2016, also processes the field condensate from Qatargas facilities into various products. LR2 has a processing capacity of 146,000 bpsd and it produces up to 72,000 bpsd of naphtha, 60,000 bpsd of jet fuel, 54,000 bpsd of low-sulfur diesel, as well as 660 tpd of butane and 160 tpd of propane. The shareholders of LR2 are QatarEnergy (84%), Total (10%), Cosmo (2%), Idemitsu (2%), Mitsui (1%) and Marubeni (1%).

In June 2019, the Jet A1" pipeline from the Laffan Refinery to Hamad International Airport (HIA) was successfully commissioned, with all associated storage tanks, utilities, pumping, operational and control facilities. The project ensures that there would be a reliable supply of jet fuel to HIA beyond 2030.

QatarEnergy continues to invest in Qatar's downstream sector as it announced the selection of Chevron Phillips Chemical Company LLC as its partner in a new world-scale petrochemicals complex that will be developed and constructed in RLIC. The new complex will have an ethane cracker with a nameplate capacity of about 2.0 million tons of ethylene per annum, making it the largest and one of the largest in the world. The project, which is known as the Ras Laffan Petrochemicals Project (RLPP), will also include two high-density polyethylene derivative units, which will raise Qatar's current polyethylene production capacity by 82% by 2026.

QatarEnergy also continues to implement the Refined Products Supply Chain Project (RPSCP), which will carry out improvements to the existing gasoline, diesel, LPG and jet fuel supply infrastructure to enhance their resilience as well as to supply the domestic market in a secure, safe and cost-effective manner up to 2040.

The RPSCP consists of various projects, including the establishment of a new LPG bottling plant in Ras Laffan and a new product distribution depot in the southwest of Doha. There will also be a new LPG Cylinder Distribution Center, additional multi-product storage and import facilities in Mesaieed, as well as an increase in jet fuel storage and import capabilities.

QatarEnergy is pursuing these projects on a fast-track basis with separate target completion dates ranging from the first quarter of 2021 to the second quarter of 2023. Once completed, these projects will meet the projected domestic demand for refined petroleum products until 2040 while effectively enhancing the supply chain's resiliency.









# Industrial Cities

In line with its mandate, QatarEnergy actively supports the full development of Qatar's energy industry through three industrial cities: Mesaieed Industrial City (MIC), Ras Laffan Industrial City (RLIC), and the Dukhan Concession Area (DCA).

Strategically located in different parts of the country, their primary role is to provide the land, infrastructure, facilities, utilities and ports required in the operations of QatarEnergy and its joint ventures and subsidiaries. In addition, they are also responsible for the delivery of key services related to emergency response, environmental monitoring, healthcare, waste management, as well as safety and security.

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## Mesaieed Industrial City

Located 40 kilometers south of Doha, MIC serves as the hub for industries producing petrochemicals, chemicals, fertilizers, natural gas liquids, refined petroleum products, steel, aluminium and many other products.

MIC is home to QatarEnergy's Refinery and QatarEnergy's NGL Complex. Other major companies operating in MIC are Qatar Fertilizer Company (QAFCO), Qatar Chemical Company (Q-Chem), Qatar Petrochemical Company (QAPCO), Qatar Vinyl Company (QVC), Qatar Fuel Additives Company (QAFAC), Qatofin Company Limited (Qatofin), Qatar Aluminium Limited (Qatalum), Qatar Steel and Mesaieed Power Company (M Power).

These industries produce a wide range of products, including urea, ammonia, high-density and medium-density polyethylene (HDPE and MDPE), gasoline, normal alpha olefins (NAO), low-density polyethylene (LDPE), caustic soda, ethylene dichloride (EDC), vinyl chloride monomer (VCM), hydrochloric acid, methanol, methyl tertiary butyl ether (MTBE), linear low-density polyethylene (LLDPE), linear alkyl benzene (LAB), aluminum and steel.

All products manufactured in MIC are shipped to customers worldwide through Mesaieed Port. Located in a natural bay and serving as Qatar's southern gateway, the port has 30 multi-product berths, and it is capable of handling both general and bulk cargo on its commercial berths. Accessed via a 58-kilometer channel, Mesaieed Port is visited by around 2,400 vessels every year.



Apart from industrial plants, MIC is equipped with many modern facilities for its residents. It has various types of residential housing units for MIC workers and their families, and it also offers sports facilities and recreational clubs, in addition to commercial and shopping amenities. MIC also hosts community and government schools, including a QatarEnergy-managed international school that can accommodate over 1,000 students. A medical center is also available at MIC to serve the healthcare needs of residents.

fitness and recreation centers. Also available nearby are restaurants, supermarkets, banks and other business outlets offering various products and services. A modern medical center is also available at the DCA to provide a full range of healthcare services to all residents.

## Ras Laffan Industrial City

RLIC is located 80 kilometers north of Doha, and it serves as the hub for major industries processing natural gas from the North Field into high-value products such as liquefied natural gas (LNG), gas-to-liquids (GTL) products, lean natural gas, refined petroleum products, and other derivatives including helium and sulfur.

Among the major companies operating in the city are Qatargas, Oryx GTL, Qatar Shell GTL, Dolphin Energy, Ras Laffan Olefins Company (RLOC), Gasal, Ras Laffan Power Company (RLPC), Ras Girtas Power Company (RGPC), and Qatar Power Company (QPower).

RLIC is also home to the Erhama Bin Jaber Al Jalahma Shipyard, where Nakilat-Keppel Offshore & Marine (N-KOM) carries out ship repairs and fabrication activities.

Ras Laffan Port serves as a world-class export facility for LNG and other products. Covering an area of around 56 square kilometers, the port currently has six LNG berths, six liquid product berths, six dry cargo berths, and one sulfur berth. It also has 14 offshore support vessel berths and two single point moorings offshore, making it an ideal site for supporting the activities of companies with operations in the North Field.

## Dukhan Concession Area

Dukhan Concession Area (DCA), which is located 80 kilometers west of Doha, is the hub of QatarEnergy's onshore oil and gas production activities. The beginnings of the DCA can be traced back to the discovery of oil in the Dukhan Field in the late 1930s. Today, Qatar's only onshore field contributes up to 175,000 barrels of oil per day to the country's total crude oil production output.

The crude oil, condensate, natural gas liquids, and stripped associated gas from the Dukhan Field are transported by pipeline to MIC, where they are then processed or refined by downstream facilities while most of the crude oil volumes are exported to customers worldwide through the Mesaieed Port.

DCA also includes Dukhan Township, which is home to over 5,000 people consisting of QatarEnergy staff and their families as well as other residents. The township is equipped with many modern facilities including an international school, sports clubs, a cinema, as well as

### Mesaieed Industrial City (MIC)

Year Established	1949
Total Land Area	104 square kilometers
Number of Major Operating Companies	10

### Ras Laffan Industrial City (RLIC)

Year Established	1996
Total Land Area	239 square kilometers
Number of Major Operating Companies	14

### Dukhan Concession Area (DCA)

Year Established	1939
Total Land Area	767 square kilometers
Number of Major Operating Companies	1 (QatarEnergy)



# Tawteen - the Supply Chain Localization Program

Launched in February 2019, Tawteen is the Supply Chain Localization Program for the Energy sector in Qatar, led by QatarEnergy's Industrial Cities Directorate.

Tawteen aims to support Qatar National Vision 2030 by establishing a resilient and competitive supply chain in the energy sector, thus promoting the growth and diversification of Qatar's economy. Tawteen also aims to develop local industry, create jobs, encourage the transfer of technology, and to build human capital.

Tawteen consists of three key programs:

1. In-Country Value (ICV) program, incentivizes and measures the local content creation of companies in the energy sector.
2. Investment opportunities program, creates new feasible business opportunities for the local market based on the energy sector's demand.
3. Supplier Development program, aims to enhance the capabilities of the newly established local business opportunities and upskill their talent pool.

In July 2020, Tawteen implemented the In-Country Value (ICV) program across the energy sector's procurement processes giving commercial advantage in the bidding process to the suppliers and contractors who contribute more to the local economy. In 2020, the energy sector has awarded a total of 39.75 billion Qatari Riyals in contracts value, 25.45 billion of which were contracts awarded to ICV-certified suppliers. This resulted in increasing the local content of the energy sector to 23.7% versus 14.5% original baseline.

Tawteen's main objectives for 2021-2022 is to allocate the investment opportunities to investors who have been shortlisted during the initial application process in 2019. It will also launch the ICV digital portal, which will streamline the processes and facilitate a closer interaction among suppliers, certifiers, and the energy sector.







# North Field Expansion



## North Field Expansion Projects

QatarEnergy is committed to further developing the global oil and gas industry through the implementation of various projects that add great value to the energy resources in Qatar as well as in other parts of the world.

The North Field Expansion projects announced in 2017 progressed significantly in 2020. Initially, the plan was to build three new mega-LNG trains to produce an additional 23 million tons per annum (mtpa) of LNG, raising the State of Qatar's LNG production capacity from the current 77 mtpa to 100 mtpa. Then, in September 2018, a decision was made to add a fourth LNG train, increasing the country's LNG production capacity to 110 mtpa by 2025 (The North Field East, or NFE, project).

This was followed by a truly significant and exciting announcement in November 2019, where new studies had revealed that the North Field's productive layers extend well into Qatari land in Ras Laffan. This discovery confirmed that gas reserves of the North Field were over 1,760 trillion cubic feet, in addition to more than 70 billion barrels of condensates, and massive quantities of LPG, ethane, and helium. This confirmation prompted QatarEnergy to announce starting the necessary engineering work for two additional mega-LNG trains (The North Field South, or NFS, project), which will further raise Qatar's LNG production capacity from the current 77 million tons per annum to 126 million tons per annum by 2027, representing an increase of about 64%. Once completed, this will also

raise Qatar's overall hydrocarbon production to about 6.7 million barrels oil equivalent per day.

During 2019, the implementation of the NFE Project shifted into high gear with the issuance of various tender packages related to the project's requirements. One package that was issued in mid-April 2019 was for the engineering, procurement and construction (EPC) of the project's four mega-LNG trains. The invitation to tender was sent to three EPC joint ventures: Chiyoda Corporation and Technip France S.A., JGC Corporation and Hyundai Engineering and Construction Co. Ltd, and Saipem S.P.A, McDermott Middle East Inc. and CTCl Corporation. The tender specifically called for the EPC of the four mega-LNG trains with gas and liquid treating facilities, ethane and LPG production and fractionation, a helium plant, as well as utilities and infrastructure to support the processing units.

This was closely followed by the issuance of another tender for the reservation of ship construction capacity for the massive LNG carrier fleet that will be required once the project is completed. Around 60 to over 100 new LNG carriers will be needed for shipping the additional production from the NFE and NFS Projects as well as for the shipping requirements of the Golden Pass LNG Export Project.

As part of the NFE Project, two other tender packages were also issued, one of which was for expanding the common lean LNG storage and the loading and export facilities in Ras Laffan Industrial City (RLIC). The tender package, which was released in May 2019, called for the EPC of three LNG storage tanks, the required compressors to recover tank boil-off gas during storage and jetty boil-off gas during LNG vessel loading, LNG rundown lines from the LNG trains to the LNG storage area, additional LNG berths with an option for a third LNG berth, as well as loading and return lines from the LNG berths to the tanks.

QatarEnergy also issued the invitation to tender packages for the EPC of additional liquid products storage and loading facilities as well as mono-ethylene glycol (MEG) storage and distribution facilities at RLIC. The new facilities covered under the tender include a new propane storage tank, vapor recovery units for propane and butane tank, a plant condensate storage tank, a MEG storage tank and distribution system, a new liquid products export berth and liquid product lines from the main NFE plant location to the liquid products storage area.

QatarEnergy awarded several contracts in as part of the NFE Project. One was for the eight offshore jackup drilling rigs required under the project, and the contract was awarded to two companies. The Doha-based Gulf Drilling International (GDI) was awarded the contract for six rigs, while the American company Northern Offshore Drilling Operations Limited was awarded the contract for the remaining two rigs. The drilling rigs are planned to be mobilized and ready for drilling activities starting January 2020. The scope of work includes the drilling and completion

of 80 new wells from eight wellhead platform locations.

Another contract awarded by QatarEnergy was for the Front-End Engineering Design (FEED) of the project's offshore pipelines and topsides facilities, it was awarded to McDermott Middle East Inc. in May 2019. The scope of the FEED, which took 12 months to complete (i.e. May 2020), included the engineering design for eight unmanned wellhead platform topsides, four 38" trunk lines and four 28" intrafield lines.



# Growing Global Reach

QatarEnergy is committed not only to continuously develop Qatar's oil and gas industry but also to contribute to the development of the global energy industry. This is clearly demonstrated in its expanding global exploration and production investments, as well as in the global LNG industry.

QatarEnergy's business strategy contains the top-down guidance with a focus on boosting reserves replacement ratio and production levels, along with a strategic expansion to strengthen its overall market position. To serve this goal, QatarEnergy formed and implemented an Investment Committee to guide and ensure maximum value to the State of Qatar is achieved.

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## International Investments

In 2019, QatarEnergy announced its final investment decision in the Golden Pass LNG Export Project, which will eventually supply up to 16 million tons per year of LNG from Texas, USA, to customers worldwide. Another project agreement that QatarEnergy had signed during the year was for the Ras Laffan Petrochemicals Project, which will have the largest ethane cracker in the Middle East and is planned for start-up in 2025. Also in 2020, QatarEnergy agreed to invest in the development of the U.S. Gulf Coast II Petrochemical Project (USGC II), which will have the largest ethylene cracker in the world.







# International Upstream Operations

Over the years, QatarEnergy has acquired interests in various upstream assets in many countries worldwide. Most of these are currently undertaking exploration activities in offshore blocks, while some are producing assets.

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## Brazil

### BC-10

QatarEnergy has a 23% shareholding interest in the BC-10 deepwater producing asset, while Shell (the operator) owns 50% and the Oil and Natural Gas Corporation (ONGC) of India holds the remaining 27%. In 2020, BC-10 achieved an average daily production of 10.1 kboepd (QatarEnergy net).

### Alto de Cabo Frio Oeste Block

QatarEnergy has a 25% participating interest in the Alto de Cabo Frio Oeste exploration block in the Santos basin, while Shell (the operator) owns 55% and China National Offshore Oil Corporation (CNOOC) has a 20% interest. In 2019, the partners matured and drilled an exploration well. Post-drill studies planned were conducted in 2020.

### Round 15 & PSC5 Tita Blocks

QatarEnergy has variable participating interest in five pre-salt exploration blocks in the Campos and Santos Basins. In the Campos CM-789 and CM-753 blocks, QatarEnergy has 30% working interest along with ExxonMobil (the operator) 40% and Petrobras 30%. In the Santos SM-536, SM-647 and Tita blocks, QatarEnergy has a 36% working interest along with ExxonMobil (Operator) 64%. There are two well commitments, one each in CM-789 and Tita blocks.

QatarEnergy holds a 40% & 25% working interest in the C-M-541 (Total operated) and C-M-659/C-M-713 (Shell operated) deepwater Campos Basin licenses respectively. Three blocks were acquired through successful Round 16 bidding in Q3, 2019. There are two well commitments wells in C-M541.



# Argentina

## Neuquen Unconventional Basin

In December 2018, QatarEnergy acquired a 30% interest in two ExxonMobil affiliates in Argentina: ExxonMobil Argentina S.R.L (EMEA) and Mobil Argentina S.A (MASA). The two companies holds rights to seven exploration permits and exploitation licenses within the prolific Vaca Muerta unconventional shale oil and gas play in the Neuquen Basin, which is located to the west of Argentina. In 2020, EMEA and MASA achieved a production of 4.3 kboepd (QatarEnergy net).

## Blocks CAN-107 and 109 North Argentina Basin

## Blocks MLO-113, 117 and 118 Malvinas Basin

Following successful awards during the 1st offshore licensing round, QatarEnergy was awarded two licenses in the Colorado basin with Shell as Operator (QatarEnergy 40% working interest) and three licenses in the Malvinas basin with Exxon as Operator (QatarEnergy 30% working interest).

2D and 3D seismic acquisition was completed on the blocks during 2019 & 2020. Additional 3D seismic is planned for Q4 2021 / Q12022.

# Congo

## Total E&P Congo

QatarEnergy has a 15% shareholding interest in Total E&P Congo (TEPC), which operates several producing offshore fields. In 2020, TEPC and its partners continued the Moho Nord deepwater project. The main activities included the drilling and completion of Albion reservoir wells, which consist of seven production and injection wells via subsea tieback to a floating production unit (FPU) facility.

# Cyprus

## Block 10

QatarEnergy has a 40% participating interest in Block 10, which is located offshore in southwest Cyprus, while ExxonMobil (the operator) holds a 60% interest. In 2019, the partners completed the drilling of two wildcat exploration wells back to back with no LTI. The Glaucus-1 well was announced as a gas discovery in February 2019 and plans for further appraisal drilling are underway.

# Mexico

## Blocks 3, 4, 6 and 7 Perdido Basin

QatarEnergy participated in the Mexico Exploration Bid Round 2.4 in 2018 and successfully won bids for Blocks 3, 4, 6, 7 in the deepwater Mexico Perdido Basin. The blocks are operated by Shell (60%), with QatarEnergy as a non-operating partner (40%). There are 3-5 well commitments in the blocks over the initial four-year exploration period.

## Block 24 Campeche Basin

QatarEnergy also won Block 24 in the Campeche deep salt basin, which is operated by Eni (65%) with QatarEnergy as a non-operating partner (35%). There is a single well commitment in the block in the initial four-year exploration period.

## Blocks 15 ,33 and 34 Campeche Basin

QatarEnergy finalized farm-in terms with Total Mexico in 2020 for entry into 3 blocks 15 ,33, (both Total operated) and 34 (BP operated) with working interest at 30%, respectively.

This strengthens our position in this maturing exploration basin in Mexico. Blocks 33 and 34 include 1 commitment well each. These wells are expected to spud in 2022 or later.

# Mozambique

## Block A-5A, A-5B, Z-5C & Z-5D

QatarEnergy entered into an agreement with an ExxonMobil affiliate in December 2018 to acquire a 10% participating interest in three offshore exploration blocks in the Angoche and Zambezi basins in the Republic of Mozambique. The consortium is made up of affiliates of each of ExxonMobil (operator) with a 50% participating interest, Empresa Nacional de Hidrocarbonetos (ENH) with a 20% participating interest, Rosneft with a 20% participating interest, and QatarEnergy with a 10% participating interest.

QatarEnergy further acquired 25.5% interest with ENI as operator in Block A-5A in 2020 to bring synergy with held acreage under Block A-5B.

# Oman

## Block 52

QatarEnergy has a 30% participating interest in offshore Block 52 in the Sultanate of Oman, while Eni (the operator) holds 55% and Oman Oil Company has the remaining 15%. The jointventure activities included a 2D seismic acquisition in deepwater Area 3 and 3D seismic acquisition in shallow water Area 1. The partners subsequently drilled the first deepwater wildcat well in 2020 and post-well analysis are ongoing with a view to acquire further data via follow-on wells.

# South Africa

## Block 11B/12B

QatarEnergy has a 25% participating interest in offshore Block 11B/12B in Republic of South Africa, while Total E&P South Africa (the operator) holds 45%, CNR holds 20%, and Main Street 1549 Proprietary Limited holds the remaining 10%. The Brulpadda well was successfully drilled to target depth and subsequently announced as a gas/condensate discovery in February 2019. Substantial 2D/3D seismic data acquisition campaign and subsurface work were also carried out, and the activities to secure the rig and related services for the upcoming drilling campaign were also completed.

# Ivory Coast

## Blocks Ci-705 & Ci-706

QatarEnergy agreed a farm-in deal with Total in 2020 to acquire a 45% working interest in two licenses offshore Ivory Coast in Africa. The two licenses are operated by Total (45% W.I) with partner PetroCi (10% NOC). The work program comprises of 3D seismic reprocessing in preparation for drilling a well on Ci-705 in 2021. Further drilling could then be undertaken on Ci-706 during 2022, depending on the results from the first well.

# Morocco

## Shallow Exploration Permit, Tarfaya Basin

QatarEnergy acquired a 30% working interest in this block in 2020 with ENI as Operator. Seismic reprocessing and studies are ongoing to identify future drilling targets.

# Kenya

## Blocks L11A, L11B and L12 Lamu Basin

QatarEnergy acquired a 25% working interest across the L11A, L11B & L12 licenses in the offshore Lamu basin, Kenya, in 2019 with ENI as the operator. The first well is being matured for drilling in 2021

# Namibia

## Blocks 2912 and 2913B Orange Basin

QatarEnergy acquired a 28% & 30% working interest in the 2912 and 2913B deepwater licenses, respectively, with Total as the block operator. The first high impact exploration well in this promising basin is being readied for drilling in 2021.

# Guyana

## Kanuku and Orinduik Blocks

QatarEnergy owns 10% indirect working interest through 40% shareholding interest in TOQAP (Total affiliate) which indirectly holds 25% working interest in the Orinduik and Kanuku blocks offshore Guyana. Three wells have been drilled since QatarEnergy agreed the transaction with Total. Seismic reprocessing and studies have been undertaken for future drilling in 2022 on the Kanuku block.







## From Qatar to the World

QatarEnergy touches the lives of hundreds of millions of people around the globe by delivering superior integrated products and services across the entire oil & gas value chain.

Operating on behalf of Qatar Petroleum for the Sale of Petroleum Products (QPSPP), which is wholly owned by the State of Qatar, QPSPP markets and sells regulated petroleum products to customers outside the country. The regulated products -as designated by the State of Qatar- include crude oil, condensates, liquefied petroleum gas (LPG), refined petroleum products such as gasoline, gasoil and jet fuel.

QPSPP sells these products to customers around the world on behalf of the producing entities, which include QatarEnergy, Qatargas, Oryx GTL, Pearl GTL, Dolphin Energy, North Oil Company, Total E&P Qatar, and Qatar Petroleum Development Co. Ltd. of Japan. In 2020, QPSPP exported a total of 60.2 million metric tons of regulated products in over 1,100 cargoes. The accomplishments and performance detailed in this Annual Report are indicative of the resilience of Qatar's energy sector and come in the face of significant market volatility due to the COVID-19 global pandemic.

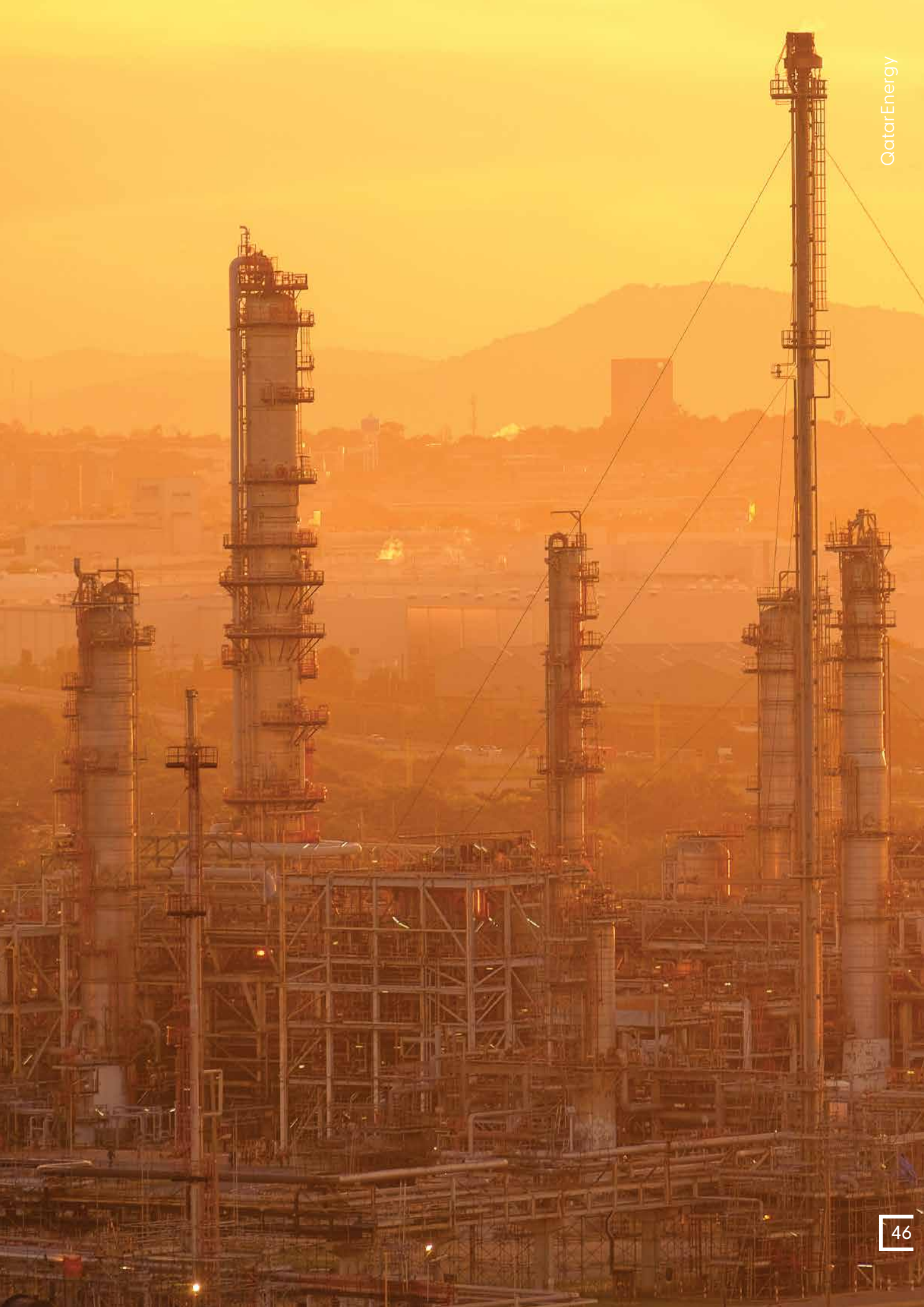
During 2020, QatarEnergy -for and on behalf of QPSPP- signed a five year-term sales agreement in September with Turkey's Bayegan International. The agreement is to supply total of 1.3MMT each of propane & butane during the contract period. This was a significant achievement during a year the world was ravaged by once in a century pandemic.

Throughout 2020, QatarEnergy's Marketing Team actively managed variances in export volumes resulting from fluctuating demand for products, and it also effectively dealt with short-notice changes to lifting schedules and sales, thus minimizing demurrage claims and avoiding operational disruptions and potential value leakage.

QPSPP has continued to collaborate closely with all producing entities and to deliver on its mandate to ensure the reliable and efficient off-take of regulated products while maximizing value in a transparent, cost-effective and equitable manner for all stakeholders. These are all in line with its commitment to supply Qatar's regulated products to the world safely, reliably, and efficiently.

QPSPP also successfully managed and met all domestic demand requirements that necessitated product imports during the year.







# Joint Ventures and Subsidiaries



The full extent of QatarEnergy's operations in the oil and gas industry can be gleaned not only from its comprehensive exploration and production activities but also from the wide range of activities of its numerous joint ventures, subsidiaries and other companies.

As of the end of 2020, QatarEnergy had tens of joint ventures, subsidiaries, associate companies and joint operations. Found not just in Qatar but in many other parts of the world, they cover the whole gamut of upstream, midstream and downstream operations in the oil and gas industry.

These companies are involved in producing various types of products from crude oil and natural gas, gas-to-liquids (GTL) products, liquefied natural gas (LNG), petrochemicals and refined petroleum products to aluminium, steel, fertilizers, plastics, industrial gases as well as water and electric power.

Many of QatarEnergy's joint ventures and subsidiaries are among the global leaders in their respective industry sector. Qatargas, for instance, is the world's largest producer of LNG and has the world's second largest helium production facility. Qatar Fertilizer Company (QAFCO) is one of the largest exporters of urea in the world, while Qatar Petrochemical Company (QAPCO) is one of the world's largest producers of low-density polyethylene (LDPE).













# The QatarEnergy People Agenda

In pursue of its corporate vision, QatarEnergy acknowledges the critical role played by its human capital in turning its vision into reality. In view of this, it has been implementing a major change program called the “QatarEnergy People Agenda.”

In 2020 the roll out of the People Agenda continued, whilst at the same time the company had to respond to the changing environment caused by the outbreak of the Covid-19 pandemic. This meant a rapid change transformation into a digital workplace, enabling working from home.

The QatarEnergy People Agenda, consists of several initiatives and projects designed to deliver the best way of managing our people in QatarEnergy, in line with international standards. It revolves around the following three focus areas, each of which supports the objectives of the QatarEnergy Vision.

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## Growing Talent & Resourcing

This relates to building and connecting all elements of talent management and ensuring they are aligned. These elements cover workforce and succession planning, talent acquisition, onboarding and off-boarding, leadership and professional development, learning, performance management, as well as engagement, recognition and rewards.

Key deliverables in 2020 included adjusting our Manpower expenditure, to the changing economic climate as well as revising the delivery of our training portfolio to the virtual reality and completing the preparation of the Subsurface job family launch.



# Driving Organizational Excellence

This is aimed at driving sustained performance within QatarEnergy, through improving its structure, processes, systems, policies, people and culture. An example this year is the successfully completed integration of Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) into QatarEnergy. This integration managed to achieve workforce synergies, as it leverages QatarEnergy's existing core and support functions infrastructure, to drive more process and systems related efficiencies.

The opening of QatarEnergy's first international offices in Brazil and London are also part of our drive to Organizational Excellence in support of our vision of building a strong international presence.

# Enhancing Employee Welfare & Engagement

This focuses on improving the affiliation of employees with QatarEnergy and their commitment to collaborate, thereby leading to increased performance. Among the initiatives implemented under this focus area include the launch of an Employee Assistance Program, including an anonymous helpline for all staff as well as a designing short videos for leaders to be able to support them with tools on how to lead their teams in this transition of working virtually. In addition, several virtual webinars were designed and delivered for all staff on the topic of resilience.

## Qatarization Initiatives

QatarEnergy is fully committed to Qatarization in support of the goals of the Qatar National Vision (QNV) 2030 for the development of "a capable and motivated workforce." Qatarization is, in fact, an integral part of QatarEnergy's strategic workforce planning and a key element of its talent strategy. QatarEnergy's five-year workforce plan ensures that the right positions are available at the right time for Qatari talents. The plan emphasizes developing Qatari nationals for key positions at QatarEnergy by applying competency-based training and development.

To promote Qatarization, QatarEnergy's Learning & Development Department manages the intake of the majority of Qataris and coordinates core training through a variety of programs. Qataris join the company as either senior or junior staff, depending on their qualifications, as a direct hire or in a development capacity, where they receive a tailored development plan targeted for a future position.

QatarEnergy's approach to Qatarization focuses, among others, on attracting, recruiting and training Qatari high school and university students for positions in the corporation and in the energy industry in general. It also provides scholarships to Qatari nationals and then manages their development by monitoring and supporting their academic performance and professional training. In addition, QatarEnergy facilitates the placement, career progression and professional growth of Qatari nationals, and it designs individual development plans for future leaders as part of the corporation's Leadership Development Framework.

With its leading role in talent management in Qatar's energy industry, QatarEnergy is spearheading the implementation of the industry's Strategic Qatarization Plan. Aiming for quality Qatarization, the industry's shared objective is primarily to develop Qatari nationals to a standard comparable to their counterparts around the world.

In 2020, QatarEnergy and other companies within the energy sector continued to offer scholarships for academic and vocational programs to eligible Qatari students and employees, thus enabling them to pursue educational degrees, certificates and training programs in the fields of petroleum, other engineering disciplines and specialized programs. QatarEnergy also continued to implement an internship program for its university students to provide them with essential work experience in their target departments before they graduate.

To support Qatarization across the energy sector, we organized the 20<sup>th</sup> Annual Qatarization Awards, to recognize companies for their accomplishments in the field of Qatarization. 31 companies are participating in the Strategic Qatarization Plan.



QatarEnergy continued to implement and further improve the onboarding program - called Ta'sees. Targeting the new graduates who have joined the corporation, the program focuses on enhancing their behavioral and effectiveness skills, and it also aims to raise their awareness about QatarEnergy Values. In addition, it provides information about the history of the oil and gas industry in Qatar, including QatarEnergy's extensive operations.

<b>Employee Training in QatarEnergy</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total Number of Employees in QatarEnergy	<b>8,142</b>	<b>8,536</b>	<b>7,841</b>
Training Hours	<b>193,073</b>	<b>206,005</b>	<b>45,087</b>
Average Hours of Training Per Employee	<b>23.71</b>	<b>24.13</b>	<b>5.75</b>





# 2020 Highlights

## January

05

QatarEnergy and Kuwait Petroleum Corporation (KPC) entered into a long term Sale and Purchase Agreement for the supply of up to 3 million tons per annum of Liquefied Natural Gas (LNG) to the State of Kuwait.

05

His Highness Sheikh Sabah Al-Ahmad Al-Sabah, the Emir of the State of Kuwait, received His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, The President and CEO of QatarEnergy, at Bayan Palace in Kuwait City.

13

QatarEnergy hosted a farewell in honor of Mr. Issa Shahin Al-Ghanim.

19

Under the patronage and in the presence of His Excellency Sheikh Abdullah bin Nasser bin Khalifa Al-Thani, the Prime Minister and Minister of Interior, and in the presence of His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs and the President and CEO of QatarEnergy, a number of agreements were signed to build Al-Kharsaah Large-Scale Solar PV Power Plant, and to establish the project company as well as for power purchase from the plant.

## February

20

An affiliate of QatarEnergy and the French LNG terminal operator Elengy, a subsidiary of ENGIE Group, entered into a long-term agreement for LNG receiving, storage and regasification services at the Montoir-de-Bretagne LNG Terminal in France.





# March

02

QatarEnergy honored a new group of Qatari nationals who have successfully completed their academic studies and training programs, and have joined the workforces of QatarEnergy and other companies in the energy sector.

08

QatarEnergy announced it has entered into a binding agreement to acquire Yara's %25 stake in Qatar Fertiliser Company ("QAFCO"). The transaction will mark the conclusion of a successful, long standing partnership.

# April

15

QatarEnergy announced the start of the development drilling campaign for the North Field East Project, or NFE (previously known as the North Field Expansion Project). The first of 80 NFE development wells was spudded on 29 March by the jack-up rig "GulfDrill Lovanda", which is managed and operated by GulfDrill, a joint venture between the Qatar based drilling champion, Gulf Drilling International, and Seadrill Limited.

19

In ongoing efforts to strengthen our competitive position in the downstream sector, QatarEnergy announced the successful completion of the integration of SEEF Limited's (SEEF) operations into QatarEnergy ahead of the original deadline set at end of Q 2, 2020.

22

QatarEnergy announced it has entered into an agreement to reserve LNG ship construction capacity in China to be utilized for QatarEnergy's future LNG carrier fleet requirements, including those of its ongoing North Field expansion projects.





## May

06

QatarEnergy entered into three farm-in agreements to acquire about 30% of Total's participating interest in blocks 33 ,15 and 34 located in the Campeche basin, offshore Mexico.

18

QatarEnergy entered into a farm-in agreement with Total to acquire a 45% participating interest in blocks C1705- and C1706-, located in the Ivorian-Tano basin, offshore the Republic of Côte d'Ivoire.

22

His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, the President and CEO of QatarEnergy, paid tribute to the historic and strong relations between Qatar and the United States, particularly in the field of energy.

## June

01

QatarEnergy entered into three agreements to reserve LNG ship construction capacity in the Republic of Korea to be utilized for QatarEnergy's future LNG carrier fleet requirements, including those for the ongoing expansion projects in the North Field and in the United States.

11

As part of its ongoing efforts to strengthen its global competitive position in the downstream sector, QatarEnergy announced its decision to integrate Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C. into QatarEnergy.

29

QatarEnergy announced the commencement of In-Country Value evaluation in the energy sector tenders starting July 2020 through "Tawteen", the localization program for services and industries in Qatar's energy sector.

# July

08

QatarEnergy received the “New Venturer of the Year Award” as part of the Wood Mackenzie Exploration Awards 2020, in recognition of its outstanding and growing international exploration presence around the globe.

28

The LNG Events Series Steering Committee has announced that Qatar has been selected as the host country for LNG2025, the 21st International Conference and Exhibition on Liquefied Natural Gas. Professor Joe M. Kang, the Chair of the LNG Events Series Steering Committee, the International Gas Union (IGU) President, made the announcement marking the conclusion of a competitive process to decide the event’s 2025 host.

# August

18

QatarEnergy entered into a farm-in agreement with Sonangol, the national oil company of Angola, and Total to acquire a 30% participating interest in Block 48, located in the ultra-deep waters offshore Angola.







## September

**27**

QatarEnergy is pleased to announce the commencement of supply of Ultra Low Sulphur Diesel (ULSD) by the QatarEnergy Refinery in Mesaieed for the domestic transportation market, effective immediately, bringing all Diesel sold in the country to the highest specifications.

## October

**12**

His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, the President and CEO of QatarEnergy, stressed the importance of collaboration between LNG producers and consumers in order to achieve greater growth and prosperity.

**13**

An affiliate of QatarEnergy and the UK's National Grid Grain LNG entered into a long-term agreement for LNG storage and regasification capacity.

**28**

QatarEnergy announced a new gas/condensate discovery in the Luiperd prospect, located in Block 11B/12B, in the Outeniqua Basin, 175 kilometers off the southern coast of South Africa.

# November

09

QatarEnergy announced the establishment and the start of operations of its new, dedicated LNG trading arm.

15

As part of our strategic efforts to strengthen Qatar’s downstream capabilities and enhance its global competitive position in the downstream sector, QatarEnergy announced completion of the successful integration of Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C. into QatarEnergy.

# December

03

In remarks at the 7th Ministerial Gas Forum that was inaugurated and attended by H.E. Tan Sri Muhyiddin Yassin, Prime Minister of Malaysia, His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, the President and CEO of QatarEnergy, said energy will continue to be key to global growth and development on the road to recovery in the post-COVID world, and that natural gas will continue to be a cornerstone in the low-carbon energy transition.

28

QatarEnergy, as the entity responsible for setting the selling price of petroleum products in the State of Qatar, and based on the earlier announcement of 26 December 2019, announced and reconfirmed the following terms for the sale of Kerosene as of 01 January 2021:

- All Kerosene sales to retail consumers at distribution stations and to bulk consumers will be based on international prices, which shall be set periodically by QatarEnergy.
- No new bulk consumers will be accepted.











# Financial Statements

## QatarEnergy

(referred to as Qatar Petroleum in the Summary Consolidated Financial Statements as they were issued prior to the change in brand identity.)

### Summary Consolidated Financial Statements As at and for the year ended 31 December 2020

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## **INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF QATAR PETROLEUM**

### **TO THE SUPREME COUNCIL FOR ECONOMIC AFFAIRS AND INVESTMENT, STATE OF QATAR**

#### ***Opinion***

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2020, the summary consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Qatar Petroleum for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 2.1 of the summary consolidated financial statements.

#### ***Summary Consolidated Financial Statements***

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

#### ***The Audited Consolidated Financial Statements and Our Report Thereon***

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 Apr 2021.

#### ***Management's Responsibility for the Summary Consolidated Financial Statements***

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.1 of the summary consolidated financial statements.





**INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED) - QATAR PETROLEUM**

***Auditor's Responsibility***

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

15 June 2021  
Doha  
State of Qatar

A handwritten signature in blue ink, appearing to read 'Gopal Balasubramaniam', written over a faint, illegible stamp or watermark.

Gopal Balasubramaniam  
KPMG  
Qatar Auditors' Registry Number 251

	Note	2020	2019 (Restated)*
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5(a)	<b>201,685,767</b>	186,755,942
Right-of-use assets	5(b)	<b>2,762,111</b>	2,769,063
Investment property	5(c)	<b>906,316</b>	886,272
Intangible assets	6	<b>4,428,448</b>	5,405,707
Investments in associates	7	<b>5,424,310</b>	6,935,277
Investments in joint ventures	8	<b>96,071,628</b>	101,316,265
Other investments	9	<b>6,070,730</b>	6,164,899
Other non-current assets	10	<b>10,602,123</b>	6,392,261
		<b>327,951,433</b>	316,625,686
<b>Current assets</b>			
Inventories	12	<b>5,005,024</b>	4,980,618
Amounts due from Government of Qatar	13	<b>37,803,570</b>	56,732,125
Accounts receivables and prepayments	14	<b>18,251,695</b>	17,637,719
Other investments	9	<b>706,391</b>	676,608
Cash and cash equivalents	15	<b>32,489,090</b>	59,169,020
		<b>94,255,770</b>	139,196,090
Assets held for sale	11	<b>74,156</b>	75,311
		<b>94,329,926</b>	139,271,401
<b>TOTAL ASSETS</b>		<b>422,281,359</b>	455,897,087

\* Refer Note 39

Continued on next page

The accompanying notes 1 to 44 are an integral part of these summary consolidated financial statements.

Continued from previous page

	Note	2020	2019 (Restated)*
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital	17	100,000,000	100,000,000
General reserve	18	175,500,000	100,000,000
Other reserves	19	(166,101)	(269,281)
Retained earnings		75,561,628	177,297,877
<b>Equity attributable to owner of the Corporation</b>		<b>350,895,527</b>	<b>377,028,596</b>
<b>Non-controlling interests</b>	38	<b>31,680,535</b>	<b>32,508,004</b>
<b>Total equity</b>		<b>382,576,062</b>	<b>409,536,600</b>
<b>Non-current liabilities</b>			
Loans and bonds	20	6,778,413	6,763,916
Employee benefits	21	5,373,448	5,004,606
Lease liabilities	22	2,261,878	2,162,735
Deferred income	23	1,037,950	729,346
Other non-current liabilities	24	3,061,083	1,882,486
		<b>18,512,772</b>	<b>16,543,089</b>
<b>Current liabilities</b>			
Loans and bonds	20	769,842	825,212
Accounts payables and accruals	25	19,646,563	28,328,115
Lease liabilities	22	724,714	618,530
Deferred income	23	51,406	45,541
		<b>21,192,525</b>	<b>29,817,398</b>
<b>Total liabilities</b>		<b>39,705,297</b>	<b>46,360,487</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>422,281,359</b>	<b>455,897,087</b>

\* Refer Note 39

The accompanying notes 1 to 44 are an integral part of these summary consolidated financial statements.



**Summary consolidated statement of profit or loss  
For the year ended 31 December 2020**

QR '000

	Note	2020	2019 (Restated)*
<b>Continuing operations</b>			
<b>Income</b>			
Revenue	26	<b>76,442,485</b>	108,331,608
Other income	27	<b>8,121,994</b>	6,063,092
		<b>84,564,479</b>	114,394,700
<b>Expenses</b>			
Operating, selling and administrative expenses	28	<b>(44,278,983)</b>	(58,611,560)
Depreciation and amortization	29	<b>(10,749,962)</b>	(9,390,454)
Provision for expected credit losses on financial assets	30	<b>(682,865)</b>	(1,413,648)
		<b>(55,711,810)</b>	(69,415,662)
<b>Net operating income</b>		<b>28,852,669</b>	44,979,038
Share of profit of associates	7	<b>311,132</b>	473,324
Share of profit of joint ventures	8	<b>19,448,196</b>	40,161,509
Dividend and interest income		<b>1,161,069</b>	1,914,858
Finance charges	31	<b>(505,951)</b>	(533,825)
<b>Profit before tax</b>		<b>49,267,115</b>	86,994,904
Taxes	32	<b>(8,053,927)</b>	(14,239,656)
<b>Profit for the year from continuing operations</b>		<b>41,213,188</b>	72,755,248
<b>Discontinued operations</b>			
(Loss) / profit from discontinued operations	11	<b>(1,155)</b>	12,177
<b>Profit for the year</b>		<b>41,212,033</b>	72,767,425
<i>Attributable to:</i>			
Owner of the Corporation		<b>39,721,229</b>	69,691,387
Non-controlling interests	38	<b>1,490,804</b>	3,076,038
		<b>41,212,033</b>	72,767,425

\* Refer Note 39

The accompanying notes 1 to 44 are an integral part of these summary consolidated financial statements.

**Summary consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2020**

QR '000

	Note	2020	2019 (Restated)*
<b>Profit for the year</b>		<b>41,212,033</b>	72,767,425
<b>Other comprehensive income from continuing operations</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefits obligations	19(i)	<b>(112,166)</b>	(201,183)
Equity investments at FVOCI – net change in fair value	19(ii)	<b>429,034</b>	(242,319)
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Cash flow hedges – effective portion of changes in fair value	19(iii)	<b>(163,612)</b>	(310,306)
Foreign operations – foreign currency translation differences	19(iv)	<b>15,209</b>	59,707
		<u><b>168,465</b></u>	<u>(694,101)</u>
<b>Other comprehensive income from discontinued operations</b>		-	-
<b>Total other comprehensive income</b>		<u><b>168,465</b></u>	<u>(694,101)</u>
<b>Total comprehensive income for the year</b>		<u><b>41,380,498</b></u>	<u>72,073,324</u>
<i>Attributable to:</i>			
Owner of the Corporation		<b>39,846,201</b>	68,939,413
Non-controlling interests		<b>1,534,297</b>	3,133,911
		<u><b>41,380,498</b></u>	<u>72,073,324</u>

\* Refer Note 39

The accompanying notes 1 to 44 are an integral part of these summary consolidated financial statements.

Summary consolidated statement of changes in equity  
For the year ended 31 December 2020

QR '000

	Equity attributable to owner of the Corporation					Non-controlling interests	Total
	Capital	General reserve	Other reserves	Retained earnings	Total		
At 1 January 2019	100,000,000	100,000,000	376,593	180,891,491	381,268,084	32,323,551	413,591,635
Profit for the year – restated (Note 39)	-	-	-	69,691,387	69,691,387	3,076,038	72,767,425
Other comprehensive income for the year	-	-	(751,974)	-	(751,974)	57,873	(694,101)
Total comprehensive income for the year – restated	-	-	(751,974)	69,691,387	68,939,413	3,133,911	72,073,324
Reclassification of fair value reserve on sale of investments at FVOCI	-	-	1,695	(1,695)	-	-	-
Transfer to Social Fund (Note 33)	-	-	-	(57,092)	(57,092)	(65,768)	(122,860)
Dividend (Note 40)	-	-	-	(73,143,236)	(73,143,236)	-	(73,143,236)
Dividend paid to non-controlling interests	-	-	-	-	-	(2,900,726)	(2,900,726)
Transfer to other reserves	-	-	41,780	(41,780)	-	-	-
Other movement during the year	-	-	62,625	(41,198)	21,427	17,036	38,463
At 31 December 2019 – restated	100,000,000	100,000,000	(269,281)	177,297,877	377,028,596	32,508,004	409,536,600
Profit for the year	-	-	-	39,721,229	39,721,229	1,490,804	41,212,033
Other comprehensive income for the year	-	-	124,972	-	124,972	43,493	168,465
Total comprehensive income for the year	-	-	124,972	39,721,229	39,846,201	1,534,297	41,380,498
Reclassification of fair value reserve on sale of investments at FVOCI	-	-	(12,252)	12,252	-	-	-
Transfer to Social Fund (Note 33)	-	-	-	(52,843)	(52,843)	(51,486)	(104,329)
Dividend (Note 40)	-	-	-	(65,999,667)	(65,999,667)	-	(65,999,667)
Dividend paid to non-controlling interests	-	-	-	-	-	(2,237,143)	(2,237,143)
Transfer to general reserve	-	75,500,000	-	(75,500,000)	-	-	-
Transfer to other reserves	-	-	4,277	(4,277)	-	-	-
Other movement during the year	-	-	(13,817)	87,057	73,240	(73,137)	103
<b>At 31 December 2020</b>	<b>100,000,000</b>	<b>175,500,000</b>	<b>(166,101)</b>	<b>75,561,628</b>	<b>350,895,527</b>	<b>31,680,535</b>	<b>382,576,062</b>

The accompanying notes 1 to 44 are an integral part of these summary consolidated financial statements.



**Summary consolidated statement of cash flows**  
**For the year ended 31 December 2020**

QR '000

	Note	2020	2019 (Restated)*
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		<b>41,212,033</b>	72,767,425
<i>Adjustments for:</i>			
- Depreciation of property, plant and equipment	29	<b>9,679,658</b>	8,333,573
- Loss on disposal / derecognition of property, plant and equipment		<b>90,148</b>	166,225
- Write off of property, plant and equipment	28	<b>809,858</b>	8,544
- Depreciation of right-of-use assets	29	<b>699,009</b>	666,755
- Depreciation of investment property	29	<b>15,797</b>	34,079
- Amortization of intangible assets and catalysts	29	<b>355,498</b>	356,047
- Write off of project preliminary costs and pre-incorporation expenses	28	-	35,734
- Write off of projects under development	10(b)	-	144,605
- Provision for expected credit losses on financial assets, net	30	<b>682,865</b>	1,413,648
- Provision for impairment losses – net	28	<b>3,958,554</b>	2,112,499
- Provision for inventory obsolescence	28	<b>22,694</b>	66,703
- Provision for employee benefits	21	<b>596,109</b>	535,952
- Provision for decommissioning costs, net	24	<b>1,091,615</b>	22,490
- Profit from discontinued operations	11	<b>1,155</b>	(12,177)
- Fair value (gain) / loss on investment at fair value through profit or loss	9(b)	<b>(32,862)</b>	12,849
- Share of profit of associates	7	<b>(311,132)</b>	(473,324)
- Share of profit of joint ventures	8	<b>(19,448,196)</b>	(40,161,509)
- Dividend and interest income		<b>(1,161,069)</b>	(1,914,858)
- Deferred income		<b>(64,116)</b>	(45,541)
- Finance charges	31	<b>505,951</b>	533,825
- Taxes	32	<b>8,053,927</b>	14,239,656
- Provision for financial guarantee		<b>11,000</b>	-
- Bargain purchase gain	27	<b>(106,808)</b>	-
- Fair value gain on business combination	27	<b>(1,303,286)</b>	-
		<b>45,358,402</b>	58,843,200
<i>Working capital changes:</i>			
- Inventories		<b>724,843</b>	(878,665)
- Amounts due from Government of Qatar		<b>20,007,443</b>	45,069,318
- Accounts receivables and prepayments		<b>(667,861)</b>	173,128
- Accounts payables and accruals		<b>(8,317,069)</b>	(2,295,037)
<b>Cash generated from operations</b>		<b>57,105,758</b>	100,911,944
Employee benefits paid	21	<b>(601,314)</b>	(458,289)
Finance charges paid		<b>(413,814)</b>	(533,825)
Taxes paid		<b>(8,514,864)</b>	(14,683,585)
<b>Net cash from operating activities</b>		<b>47,575,766</b>	85,236,245

\* Refer Note 39

Continued next page

**Summary consolidated statement of cash flows**  
**For the year ended 31 December 2020**

QR '000

Continued from previous page

	Note	2020	2019 (Restated)*
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(12,995,065)	(15,806,955)
Proceeds from disposal of property, plant and equipment		4,747	19,221
Acquisition of investment property	5(c)	-	(12,134)
Acquisition of intangible assets	6	(76,019)	(1,841,639)
Repayments from associates – net	7	43,054	793,470
Additions to investments in joint ventures – net		(7,070,308)	(9,694,316)
Dividend received from associates and joint ventures		22,007,857	38,688,002
Net cash movement of financial assets at FVOCI		278,239	(41,846)
Net cash movement of financial assets at amortised cost		137,629	(11,825)
Dividend and interest received from other investments		1,161,069	1,914,858
Additions to projects under development	10(b)	(5,161,531)	(2,744,133)
Net cash movement in other non-current assets		(1,107,110)	628,191
Net cash movement of financial assets at fair value through profit or loss		(15,675)	(22,814)
Movement in term deposits and restricted cash		2,089,596	611,671
Net cash outflow on acquisition of subsidiaries	37	(2,422,704)	-
<b>Net cash (used in) / from investing activities</b>		<b>(3,126,221)</b>	<b>12,479,751</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans		523,575	618,800
Repayment of loans		(744,815)	(934,668)
Payment of lease liabilities		(523,048)	(666,719)
Movement in other non-current liabilities		(26,405)	(13,176)
Dividend paid	40	(65,999,667)	(73,143,236)
Dividends paid to non-controlling interests		(2,237,143)	(2,900,726)
<b>Net cash used in financing activities</b>		<b>(69,007,503)</b>	<b>(77,039,725)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(24,557,958)</b>	<b>20,676,271</b>
Effect of movements in exchange rates on cash held		(33,725)	19,009
Cash and cash equivalents at beginning of year		48,478,149	27,782,869
<b>Cash and cash equivalents at end of year</b>	15	<b>23,886,466</b>	<b>48,478,149</b>

\* Refer Note 39

During the year, the Group entered non-cash operating, investing and financing activities which are not reflected in the consolidated statement of cash flows (Note 41).

## **1. Legal status and principal activities**

Qatar Petroleum ("QP", the "Corporation" or the "Parent") is a state-owned public corporation established in the State of Qatar by Emiri Decree Number 10 of 1974.

The principal activities of QP, its subsidiaries, joint operations, joint ventures and associates are the exploration, production and sale of crude oil, natural gas and gas liquids and refined products, production and sale of petrochemicals, fuel additives, fertilisers, liquefied natural gas ("LNG"), steel, aluminium, chartering of helicopters, investing in industrial and international projects, underwriting insurance, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas and refined petroleum products and other services. The principal place of business of QP is in the State of Qatar.

Pursuant to Law No. 5 of 2012, which was issued on 7 August 2012, the State of Qatar amended certain provisions of Decree No. 10 of 1974 and transferred the ownership in QP from the Ministry of Economy of Finance to the Supreme Council for Economic Affairs and Investment effective 1 January 2012.

These summary consolidated financial statements reflect the financial information of Qatar Petroleum ("QP") and its subsidiaries, joint operations, joint ventures and associates (together referred to as the "Group").

These summary consolidated financial statements were approved by the Corporation's management on 15 June 2021.

### **2.1. Basis of preparation of the summary consolidated financial statements**

These summary consolidated financial statements have been derived from the consolidated financial statements of Qatar Petroleum for the year ended 31 December 2020 (the "audited consolidated financial statements"). These summary consolidated financial statements do not contain all information and disclosures available in the audited consolidated financial statements and should be read in conjunction with those audited consolidated financial statements. The audited consolidated financial statements of QP are available upon request by contacting QP.

The audited consolidated financial statements were authorised for issue on 27 April 2021. Accordingly, the audited consolidated financial statements and these summary consolidated financial statements do not reflect the effects of events that occurred subsequent to 27 April 2021.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in the summary consolidated financial statements so that they are consistent, in all material respects, with the audited consolidated financial statements.

These summary consolidated financial statements have been prepared by management using the following criteria:

- whether information in the summary consolidated financial statements is in agreement with the related information in the audited consolidated financial statements; and
- whether, in all material respects, the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the audited consolidated financial statements.

These summary consolidated financial statements are presented in Qatari Riyal (QR) which is the Parent's functional currency. All values are rounded off to the nearest thousand, unless otherwise indicated.

### **2.2 Basis of preparation of the audited consolidated financial statements**

#### **Statement of compliance**

The audited consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).



**2.2 Basis of preparation of the audited consolidated financial statements (continued)****Statement of compliance (continued)**

Accounting policies (Note 3) have been consistently applied to all periods presented in the audited consolidated financial statements. .

**Basis of measurement**

The audited consolidated financial statements are prepared using the historical cost basis except for:

- i. Certain financial instruments that are measured at fair value.
- ii. Parcels of land granted to QP from the State of Qatar, which are measured at nominal value as Government Grant.
- iii. Assets held for sale which are measured at fair value less cost to sell.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in their entirety, which are described as follows:

- i. *Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;*
- ii. *Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and*
- iii. *Level 3 inputs for assets or liabilities that are not based on observable market data (unobservable inputs).*

If the inputs used to measure the fair value of an asset or 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.

**New amendments to standards adopted by the Group**

During the current year, the Group adopted the below amended International Financial Reporting Standards ("IFRS"):

- Amendment 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)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The adoption of above amended standards did not have a significant impact on the audited consolidated financial statements.

**New and amended standards not yet effective, but available for early adoption**

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") that are not yet effective but available for early adoption, have not been applied in preparing audited consolidated financial statements.

**2.2 Basis of preparation of the audited consolidated financial statements (continued)**

**New and amended standards not yet effective, but available for early adoption (continued)**

Effective for year beginning 1 January 2021	<ul style="list-style-type: none"> <li>• Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</li> </ul>
Effective for year beginning 1 January 2022	<ul style="list-style-type: none"> <li>• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</li> <li>• Annual Improvements to IFRS Standards 2018–2020</li> <li>• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</li> <li>• Reference to the Conceptual Framework (Amendments to IFRS 3)</li> </ul>
Effective for year beginning 1 January 2023	<ul style="list-style-type: none"> <li>• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</li> <li>• IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts</li> </ul>
Effective date deferred indefinitely / available for optional adoption	<ul style="list-style-type: none"> <li>• Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)</li> </ul>

The Group does not expect that the adoption of the above new and amended standards, except IFRS 17 “Insurance Contracts” will have a significant impact on the audited consolidated financial statements.

The Group is yet to assess the impact due to adoption of IFRS 17 “Insurance Contracts” on its audited consolidated financial statements.

**2.2 Basis of preparation of the audited consolidated financial statements (continued)****Components of the Group**

The Group includes the following subsidiaries, joint ventures, associates and joint operations at 31 December 2020:

**Direct subsidiaries of QP**

Entity/Group	Shareholder	Country of incorporation	Principal activities	Equity holding	
				2020	2019
Industries Qatar Q.P.S.C. ("IQ")	QP	Qatar	Holding company	51.00%	51.00%
QP Qatar Gas (3) Limited (Qatari Private Shareholding Company) ("QPQG3")	QP	Qatar	Own, operate and maintain LNG regasification terminals	100.00%	100.00%
Qatar Petroleum International Limited P.Q.S.C. ("QPI")	QP	Qatar	Investment in international projects across the energy value chain	100.00%	100.00%
Al Shaheen Holding Q.S.C. ("Al Shaheen")	QP	Qatar	Holding company	100.00%	100.00%
QP Qatar Gas (4) Limited (Qatari Private Shareholding Company) ("QPQG4")	QP	Qatar	Own, operate and maintain LNG regasification terminals	100.00%	100.00%
Gulf International Services Q.P.S.C. ("GIS")	QP	Qatar	Holding company invested in drilling, helicopter transportation and catering services	10.00%	10.00%
QP Ras Gas (3) Limited (Qatari Private Shareholding Company) ("QPRG3")	QP	Qatar	Own, operate and maintain LNG regasification terminals	100.00%	100.00%
Mesaieed Petrochemical Holding Company Q.P.S.C. ("MPHC")	QP	Qatar	Own and invest in Petrochemical projects	65.45%	65.46%
QP Oil & Gas Limited ("QPOG")	QP	Qatar	Investment in energy industry	100.00%	100.00%
Seef Limited ("Seef")	QP	Qatar	Production and sale of linear alkyl benzene, heavy alkyl benzene and other related products.	100.00%	100.00%
Zekreet Gasoline Qatari Private Shareholding Company. ("Zekreet")	QP	Qatar	Refinery facilities and production, loading and marketing of refined products.	100.00%	100.00%
Qatar Petroleum Oil & Gas (1) (Qatari Private Shareholding Company) ("QPOG1")	QP	Qatar	Investment in energy industry	100.00%	100.00%
Qatar Aluminium Manufacturing Company Q.P.S.C. ("QAMCO")	QP	Qatar	Holding company invested in aluminium manufacturing	51.00%	51.00%
Qatar Fuel Company Q.P.S.C. ("Woqod")	QP	Qatar	Sale, marketing and distribution of oil, gas and refined petroleum products, vehicle inspection services, marine bunkering, and transportation of oil and gas	20.00%	20.00%



## Qatar Petroleum

### Notes to the summary consolidated financial statements As at and for the year ended 31 December 2020

#### 2.2 Basis of preparation of the audited consolidated financial statements (continued)

##### Components of the Group (continued)

##### *Subsidiaries of QP's subsidiaries (Indirect subsidiaries)*

Entity/Group	Shareholder	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Qatar Steel Company Q.P.S.C.	IQ	Qatar	Manufacturing of steel billets and reinforcing bars	51.00%	51.00%
Qatar Steel Company FZE (Dubai)	IQ	UAE	Production and sale of high-quality steel wire rod products	51.00%	51.00%
Qatar Steel Industrial Investment Company S.P.C.	IQ	Qatar	Investment in steel industry	51.00%	51.00%
Qatar Fertiliser Company Q.P.S.C. (QAFCO)	IQ	Qatar	Production and sales of urea and ammonia	51.00%	-
Gulf Formaldehyde Company (Q.S.C.C.) (GFC)	IQ	Qatar	Production and sales of urea formaldehyde concrete.	35.70%	-
Qatar Melamine Company (Q.S.C.C.) (QMC)	IQ	Qatar	Production and sale of Melamine	51.00%	-
Qatar Petroleum Gas Trading (QG II) Limited ("QPGAS")	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum LNG Services (QG II) Limited ("QPLNG")	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Terminal Limited	QPI	Qatar	Holding company	100.00%	100.00%
QPI Egypt Limited	QPI	Cayman Islands	Special purpose entity for potential investments	100.00%	100.00%
QP Netherlands Holdings B.V. (formerly QPI Holdings B.V.) ("QPIH")	QPI	The Netherland	Special purpose entity for potential investments	100.00%	100.00%
Qatar Petroleum International Upstream Limited	QPI	Qatar	Special purpose entity for potential investments	100.00%	100.00%
Qatar Petroleum International Gas & Power Limited	QPI	Qatar	Special purpose entity for potential investments	100.00%	100.00%
Qatar Petroleum Marketing LCC	QPI	Qatar	Special purpose entity for potential investments	100.00%	100.00%
QTL U.S. Holding Corporation, Inc.	QPI	USA	Holding company	100.00%	100.00%

## 2.2 Basis of preparation of the audited consolidated financial statements (continued)

## Components of the Group (continued)

## Subsidiaries of QP's subsidiaries (Indirect subsidiaries) (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
QTL U.S. Terminal L.L.C.	QPI	USA	Holding company	100.00%	100.00%
QPI Upstream B.V.	QPI	The Netherland	Special purpose entity for potential investments	100.00%	100.00%
QPI Tamba B.V.	QPI	The Netherland	Special purpose entity for potential investments	100.00%	100.00%
QPI Brazil Investments B.V. (formerly QPI Brazil B.V.)	QPI	The Netherland	Special purpose entity for potential investments	100.00%	100.00%
QP Brazil Investments (2) B.V. (formerly QPI BC-10 B.V.)	QPI	The Netherland	Special purpose entity for potential investments	100.00%	100.00%
QPI Energy Canada Ltd.	QPI	Canada	Special purpose entity for potential investments	100.00%	100.00%
QPI Brasil Ltda (formerly named as QPI Brasil Petroleo Ltda)	QPI	Brazil	Special purpose entity for potential investments	100.00%	100.00%
Green Ocean LNG Limited	QPI	Bahamas	Special purpose entity for potential investments	100.00%	100.00%
Qatar Petroleum Holdings (UK) Ltd	QPI	United Kingdom	Holding company	100.00%	-
Wave LNG Solutions L.L.C.	QPI	Qatar	Special purpose entity for potential investments	100.00%	100.00%
QPI Africa Holdings	QPI	Qatar	Holding company	100.00%	100.00%
QPI Mozambique Holdings	QPI	Qatar	Holding company	100.00%	100.00%
QP Exploration & Production Holdings LLC (formerly QPI Upstream Holdings LLC)	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum Mozambique, Limitada	QPI	Mozambique	Petroleum operations	100.00%	100.00%
QPI Mexico S.A. de C.V.	QPI	Mexico	Exploration and extraction of oil and gas	100.00%	100.00%

## Qatar Petroleum

### Notes to the summary consolidated financial statements As at and for the year ended 31 December 2020

#### 2.2 Basis of preparation of the audited consolidated financial statements (continued)

##### Components of the Group (continued)

##### *Subsidiaries of QP's subsidiaries (Indirect subsidiaries) (continued)*

Entity/Group	Shareholder	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Qatar Petroleum Argentina LLC (formerly ARQ Holding L.L.C.)	QPI	Qatar	Holding Company	<b>100.00%</b>	100.00%
QP Gulf of Mexico LLC (formerly QP Alaska L.L.C.)	QPI	USA	Holding Company	<b>100.00%</b>	100.00%
QP Oil & Gas SAU	QPI	Argentina	Exploration & extraction of oil and gas	<b>100.00%</b>	100.00%
QP US Petrochemicals LLC	QPI	USA	Special purpose entity for potential investments	<b>100.00%</b>	-
QPI Mauritania Ltd	QPI	Cayman Islands	Special purpose entity for potential investments	-	100.00%
QPI Downstream B.V.	QPI	The Netherlands	Special purpose entity for potential investments	-	100.00%
QPI Gas & Power B.V.	QPI	The Netherlands	Special purpose entity for potential investments	-	100.00%
Al Shaheen Distribution Ltd. Q.P.S.C.	Al Shaheen	Qatar	Sale and marketing of products	<b>100.00%</b>	100.00%
Al Koot Insurance & Reinsurance Company P.J.S.C. ("Al Koot")	GIS	Qatar	Insurance services	<b>10.00%</b>	10.00%
Gulf Helicopters Company (Q.P.S.C.) ("GHC")	GIS	Qatar	Helicopter services	<b>10.00%</b>	10.00%
Amwaj Catering Services Limited (Q.P.S.C.) ("Amwaj")	GIS	Qatar	All types of Catering services and related services	<b>10.00%</b>	10.00%
Gulf Drilling International Ltd. (Q.P.S.C.) ("GDI")	GIS	Qatar	Drilling services	<b>10.00%</b>	10.00%
United Helicharters Private Limited.	GIS	India	Helicopter services	<b>9.00%</b>	-



## 2.2 Basis of preparation of the audited consolidated financial statements (continued)

## Components of the Group (continued)

## Subsidiaries of QP's subsidiaries (Indirect subsidiaries) (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Al Maha Aviation Company	GIS	Libya	Aviation services	10.00%	10.00%
Redstar Havacilik Hizmetleri A.S.	GIS	Turkey	Aviation services	10.00%	10.00%
Gulf Helicopters Investment & Leasing Company	GIS	Morocco	Helicopter services	10.00%	10.00%
WOQOD Vehicle Inspection Co. ("FAHES") W.L.L.	Woqod	Qatar	Vehicle inspection services	20.00%	20.00%
Qatar Jet Fuel Company W.L.L.	Woqod	Qatar	Supply of jet fuel	12.00%	12.00%
WOQOD Marine Services Co. W.L.L.	Woqod	Qatar	Chartering of marine vessels	20.00%	20.00%
WOQOD International Co. W.L.L.	Woqod	Qatar	Holding company for international business of Woqod	20.00%	20.00%
WOQOD Kingdom Co. W.L.L.	Woqod	KSA	Dormant entity	20.00%	20.00%
Ard Al Khaleej Real Estate W.L.L.	Woqod	Qatar	Owning and renting of real estates	20.00%	20.00%
Polaris Marine Services L.L.C.	Woqod	Oman	Chartering of marine vessels	20.00%	20.00%
Star Marine Services Limited	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Al Wajbah Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Ocean Marine Services Limited	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Galaxy Marine Services Limited	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Al Wakra Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Al Rumeila Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Messaied Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Horizon Marine Services Limited	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Doha Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	-
Sidra Al Khor Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	-
Orbit Marine Services	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%

## Qatar Petroleum

### Notes to the summary consolidated financial statements As at and for the year ended 31 December 2020

#### 2.2 Basis of preparation of the audited consolidated financial statements (continued)

##### Components of the Group (continued)

##### Joint ventures of the Group

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Qatar Liquefied Gas Company Limited (QG1)	QP	Qatar	Production, marketing and transportation of LNG	<b>65.00%</b>	65.00%
Ras Laffan Liquefied Natural Gas Company Limited. (RG1)	QP	Qatar	Production, liquefaction, shipping and marketing of LNG	<b>63.00%</b>	63.00%
Ras Laffan Liquefied Natural Gas Company Limited. (II) (RG2)	QP	Qatar	Production, liquefaction, shipping and marketing of LNG	<b>67.05%</b>	67.05%
RasGas Company Limited	QP	Qatar	Operating company	<b>70.00%</b>	70.00%
Qatex Limited	QP	Qatar	Aviation fuel storage and transportation services	<b>51.00%</b>	51.00%
Oryx GTL Limited. (Oryx)	QP	Qatar	Management operation and maintenance of Gas to Liquids complex	<b>51.00%</b>	51.00%
Qatar Liquefied Gas Company Limited (2) (QG2)	QP	Qatar	Production, marketing and transportation of LNG	<b>67.50%</b>	67.50%
Qatar Gas Operating Company Limited.	QP	Qatar	Operating company	<b>70.00%</b>	70.00%
Laffan Refinery Company Limited. (LR)	QP	Qatar	Operation of refinery facilities and production and marketing of refined products	<b>51.00%</b>	51.00%
Barzan Gas Company Limited. (Barzan)	QP	Qatar	Production, marketing and transportation of Petroleum products.	<b>93.00%</b>	93.00%
Qatar Vinyl Company Limited. (QVC)	QP/MPHC	Qatar	Production and sale of Petrochemical products	<b>62.04%</b>	62.04%
Qatofin Company Limited Q.P.J.S.C.	QP/IQ	Qatar	Production and Sales of Petrochemical products	<b>25.97%</b>	25.97%
Qatar Chemical Company Limited. (Q-chem)	QP / MPHC	Qatar	Production and sale of Petrochemical products	<b>34.08%</b>	34.08%

## 2.2 Basis of preparation of the audited consolidated financial statements (continued)

## Components of the Group (continued)

## Joint ventures of the Group (continued)

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Qatar Chemical Company Limited. (II) (Q-chem II)	QP/ MPHC	Qatar	Production and sale of Petrochemical products	<b>34.08%</b>	34.08%
Ras Laffan Olefins Company Limited. Q.S.C.	QP	Qatar	Operate and maintain Ethylene cracker plant	<b>31.02%</b>	31.02%
Laffan Refinery Company Limited. (2) (LR2)	QP	Qatar	Operation of refinery facilities and production and marketing of refined products	<b>84.00%</b>	84.00%
Gasal Q.P.S.C.	QP	Qatar	Manufacture and supply of industries gases	<b>30.50%</b>	30.50%
Siraj Energy Company	QP	Qatar	Investment in renewable energy projects specializing solar energy as a provider and installer of solar panels with focus on solar energy research	<b>51.00%</b>	40.00%
Qatar Petrochemical Company Q.P.J.S.C. (QAPCO)	IQ	Qatar	Production and sale of ethylene, polyethylene, hexane and other petrochemical products	<b>40.80%</b>	40.80%
Qatar Fuel Additives Company Limited Q.P.S.C. (QAFAC)	IQ	Qatar	Production and sale of Methyl-tertiary-butyl-ether (MBTE) and methanol	<b>25.50%</b>	25.50%
Qatar Liquefied Gas Company Limited. (3) (QG3)	QPQG3	Qatar	Production, marketing and transportation of LNG	<b>68.50%</b>	68.50%
Qassim Terminal Holdings L.L.C.	QPI	Qatar	Holding company	<b>83.20%</b>	14.70%
QPI & Shell Petrochemicals (Singapore) Pte. Ltd. (QSPS)	QPI	Singapore	Investment in petrochemical plants	<b>49.00%</b>	49.00%
Petrochemical Corporation of Singapore (PTE) Ltd.	QPI	Singapore	Petrochemical	<b>50.00%</b>	50.00%



## Qatar Petroleum

### Notes to the summary consolidated financial statements As at and for the year ended 31 December 2020

#### 2.2 Basis of preparation of the audited consolidated financial statements (continued)

##### Components of the Group (continued)

##### Joint ventures of the Group (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Tetra Chemicals (Singapore) PTE Ltd.	QPI	Singapore	Petrochemical	<b>60.00%</b>	60.00%
South Hook Gas Company Ltd.	QPI	UK	Investment in gas marketing company	<b>70.00%</b>	70.00%
South Hook LNG Terminal Company Ltd. (SH LNG)	QPI	UK	LNG receiving and regasification	<b>67.50%</b>	67.50%
Adriatic LNG Terminal Ltd. (ALNG)	QPI	Italy	LNG receiving and regasification	<b>22.02%</b>	22.02%
Arab Refining Company (ARC)	QPI	Egypt	Investment in refinery projects	<b>38.11%</b>	38.11%
Egyptian Refining Company (ERC)	QPI	Egypt	Refining and manufacturing raw oil and its derivatives	<b>66.60%</b>	66.60%
Golden Pass LNG Terminal L.L.C. (GP LNG)	QPI	USA	LNG receiving and regasification	<b>70.00%</b>	70.00%
Golden Pass Pipeline L.L.C. (GP Pipeline)	QPI	USA	Gas dispatching	<b>70.00%</b>	70.00%
Golden Pass LNG Marine Services	QPI	USA	Marine Services	<b>100.00%</b>	100.00%
Heron II Viotia Thermoelectric Station S.A.	QPI	Greece	Operation of 432 MW gas-fired power plant	<b>25.00%</b>	25.00%
ExxonMobil Exploration Argentina S.R.L. (EMEA)	QPI	Argentina	Petroleum operations	<b>30.00%</b>	30.00%
Mobil Argentina S.A. (MASA)	QPI	Argentina	Petroleum operations	<b>30.00%</b>	30.00%
Ocean LNG Limited	QPI	Bahamas	Marketing arm of Golden Pass outside U.S.	<b>70.00%</b>	70.00%
The Polyolefin Company (Singapore) PTE Ltd.	QPI	Singapore	Petrochemical	<b>30.00%</b>	30.00%
Marine LNG Solutions LLC	QPI	Qatar	Special purpose entity	<b>50.00%</b>	-
TOQAP Guyana B.V.	QPI	Netherlands	Petroleum operations	<b>40.00%</b>	40.00%
Al Shaheen GE Services Company	Al Shaheen	Qatar	Repair of GE gas turbines, compressors and other related auxiliary services	<b>50.00%</b>	50.00%
Qatar Liquefied Gas Company Limited. (4) (QG4)	QPQG4	Qatar	Production, marketing and transportation of LNG	<b>70.00%</b>	70.00%

## 2.2 Basis of preparation of the audited consolidated financial statements (continued)

COMPONENTS OF THE Group (continued)

*Joint ventures of the Group (continued)*

Entity/Group	Shareholder	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Gulf Med Aviation Services Limited	GIS	Malta	Helicopter services	<b>4.90%</b>	4.90%
Air Ocean Maroc	GIS	Morocco	Helicopter services	<b>4.90%</b>	4.90%
Gulf Drilling L.L.C.	GIS	Qatar	Drilling services	<b>5.00%</b>	-
Ras Laffan Liquefied Natural Gas Company Limited. (3) (RG3)	QPRG3	Qatar	Production, liquefaction, shipping and marketing of LNG	<b>70.00%</b>	70.00%
North Oil Company Q.P.S.C.	QPOG	Qatar	Petroleum operations-exclusive rights	<b>70.00%</b>	70.00%
Qatar Aluminium Company Limited Q.S.C. (Qatalum)	QAMCO	Qatar	Production and sale of Aluminium products	<b>25.50%</b>	25.50%

*Associates of the Group*

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Arab Maritime Petroleum Transport Company	QP	Kuwait	Operates and charters a fleet of crude and petro product tankers	<b>14.80%</b>	14.80%
Arab Petroleum Investment Corporation	QP	KSA	Participation in financing petroleum projects and industries	<b>10.00%</b>	10.00%
Arab Petroleum Services Company	QP	Libya	Provision of petroleum services	<b>10.00%</b>	10.00%
Arab Petroleum Pipelines Company	QP	Egypt	Operate pipelines to transfer petroleum	<b>5.00%</b>	5.00%
Ras Laffan Power Company Limited	QP	Qatar	Production and supply of electricity and production of desalinated water	<b>10.00%</b>	10.00%

## Qatar Petroleum

### Notes to the summary consolidated financial statements As at and for the year ended 31 December 2020

#### 2.2 Basis of preparation of the audited consolidated financial statements (continued)

##### Components of the Group (continued)

##### Associates of the Group (continued)

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Mesaieed Power Company Limited Q.P.S.C.	QP	Qatar	Production and supply of electricity	<b>20.00%</b>	20.00%
Ras Girtas Power Company	QP	Qatar	Production and supply of electricity and production of desalinated water	<b>15.00%</b>	15.00%
Umm Al Houli Power Q.P.S.C.	QP	Qatar	Production and supply of electricity and production of desalinated water	<b>5.00%</b>	5.00%
Qatar Metals Coating Company W.L.L.	IQ	Qatar	Production and sale of epoxy resin coated bars	<b>25.50%</b>	25.50%
Foulath Holding B.S.C.	IQ	Bahrain	Manufacture and sale of various sale products	<b>12.75%</b>	12.75%
SOLB Steel Company (SSC)	IQ	KSA	Manufacture and sale of steel products	<b>15.83%</b>	15.83%
Total Exploration and Production Congo	QPI	Republic of Congo	Investment in upstream exploration and production	<b>15.00%</b>	15.00%
Tamba B.V.	QPI	Netherlands	Operates and manages FPSO leases and Subsea leases	<b>23.00%</b>	23.00%
AKG Holding Limited.	QPRG3	Bahamas	Production and sale of gas	<b>12.50%</b>	12.50%



## 2.2 Basis of preparation of the audited consolidated financial statements (continued)

## Components of the Group (continued)

*Joint operations of the Group*

Entity/Group	Investor	Country of incorporation	Principal activities	QP's effective percentage holding	
Qatar Gas Upstream (Unincorporated)	QP	Qatar	Production and marketing of Condensate	<b>65.00%</b>	65.00%
Pearl GTL Project North Field (Unincorporated)	QP	Qatar	Developing of gas to liquid project in Ras Laffan	*	*
Dolphin Gas Project (Unincorporated)	QP	Qatar	Recover and export natural gas for export purpose.	*	*
Al Khaleej Gas Project (Unincorporated)	QP	Qatar	Enhanced gas utilization	*	*
BC-10 P.S.C. (with Shell Brasil Petroleo Ltda.)	QPI	Brazil	Upstream exploration and production assets of Block BC-10	<b>50.00%</b>	50.00%
BC-10 P.S.C. (with ONGC Campos Ltda)	QPI	Brazil	Upstream exploration and production assets of Block BC-10	<b>27.00%</b>	27.00%
Offshore Block 10 PSC	QPI	Cyprus	Upstream exploration and production	<b>60.00%</b>	60.00%
Alto de Cabo Frio-Oeste block (with Shell Brasil Petroleo Ltda.)	QPI	Brazil	Upstream exploration and production	<b>55.00%</b>	55.00%
Alto de Cabo Frio-Oeste Block (with China National Offshore Oil Corporation)	QPI	China	Upstream exploration and production	<b>20.00%</b>	20.00%
11B/12B Block (with Total E&P South Africa B.V.)	QPI	South Africa	Upstream exploration and production	<b>45.00%</b>	45.00%
11B/12B Block (with Canadian Natural Resources Limited)	QPI	South Africa	Upstream exploration and production	<b>20.00%</b>	20.00%
11B/12B Block (with Proprietary Limited (Main Street))	QPI	South Africa	Upstream exploration and production	<b>10.00%</b>	10.00%
Block 3,4,6,7	QPI	Mexico	Upstream exploration and production	<b>60.00%</b>	60.00%
Block 24	QPI	Mexico	Upstream exploration and production	<b>65.00%</b>	65.00%
Block 536 & 647	QPI	Brazil	Upstream exploration and production	<b>64.00%</b>	64.00%

## Qatar Petroleum

### Notes to the summary consolidated financial statements As at and for the year ended 31 December 2020

#### 2.2 Basis of preparation of the audited consolidated financial statements (continued)

##### Components of the Group (continued)

##### Joint operations of the Group (continued)

Entity/Group	Investor	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Tita Block	QPI	Brazil	Upstream exploration and production	<b>64.00%</b>	64.00%
Block 753 & 789 (with Petroleo Brasileiro S.A – Petrobras)	QPI	Brazil	Upstream exploration and production	<b>30.00%</b>	30.00%
Block 753 & 789 (with ExxonMobil Exploracao Brasil Ltda)	QPI	Brazil	Upstream exploration and production	<b>40.00%</b>	40.00%
Block 541 (with Total E&P do Brasil Ltda.)	QPI	Brazil	Upstream exploration and production	<b>40.00%</b>	40.00%
Block 541 (with Petronas Petróleo Brasil Ltda.)	QPI	Brazil	Upstream exploration and production	<b>20.00%</b>	20.00%
Block 659 & 713 (with Shell Brasil Petróleo Ltda.)	QPI	Brazil	Upstream exploration and production	<b>40.00%</b>	40.00%
Block 659 & 713 (with Chevron Brasil Ltda.)	QPI	Brazil	Upstream exploration and production	<b>35.00%</b>	35.00%
Block A5A (with ENI Mozambico S.p.A)	QPI	Mozambique	Upstream exploration and production	<b>34.00%</b>	34.00%
Block A5A (with Empresa Nacional de Hidrocarbonetos (ENH) E.P.)	QPI	Mozambique	Upstream exploration and production	<b>15.00%</b>	15.00%
Block A5A (with Sasol Mozambique AS-A, Limitada)	QPI	Mozambique	Upstream exploration and production	<b>25.50%</b>	25.50%
Block A5B, Block Z5C & Block Z5D (with Exxonmobil Moçambique Exploration and Production, Limitada)	QPI	Mozambique	Upstream exploration and production	<b>50.00%</b>	50.00%
Block A5B, Block Z5C & Block Z5D (with Empresa Nacional De Hidrocarbonetos, (ENH) E.P.)	QPI	Mozambique	Upstream exploration and production	<b>20.00%</b>	20.00%
Block A5B, Block Z5C & Block Z5D (with RN Angoche Pte. Ltd RN Zambezi South Pte. Ltd RN Zambezi North Pte. Ltd)	QPI	Mozambique	Upstream exploration and production	<b>20.00%</b>	20.00%
Block 52 (with Eni Oman B.V.)	QPI	Oman	Upstream exploration and production	<b>55.00%</b>	55.00%

## 2.2 Basis of preparation of the audited consolidated financial statements (continued)

## Components of the Group (continued)

## Joint operations of the Group (continued)

Entity/Group	Investor	Country of incorporation	Principal activities	QP's effective percentage holding	
				2020	2019
Block 52 (with OQ Exploration and Production LLC)	QPI	Oman	Upstream exploration and production	15.00%	15.00%
Tarfaya Shallow Block (with Eni Maroc B.V.)	QPI	Morocco	Upstream exploration and production	45.00%	45.00%
Tarfaya Shallow Block (with The Office National Des Hydrocarbures Et Des Mines)	QPI	Morocco	Upstream exploration and production	25.00%	25.00%
Block MLO113, Block MLO117 & Block MLO118	QPI	Argentina	Upstream exploration and production	70.00%	70.00%
Block CAN107, Block CAN109	QPI	Argentina	Upstream exploration and production	60.00%	60.00%
Block 2912 (with Total E&P Namibia BV)	QPI	Namibia	Upstream exploration and production	37.78%	-
Block 2912 (with National Petroleum Corporation of Namibia (PTY) Limited)	QPI	Namibia	Upstream exploration and production	15.00%	-
Block 2912 (with Impact Oil and Gas Namibia (PTY) Ltd)	QPI	Namibia	Upstream exploration and production	18.89%	-
Block 2913B (with Total E&P Namibia BV)	QPI	Namibia	Upstream exploration and production	40.00%	-
Block 2913B (with National Petroleum Corporation of Namibia (PTY) Limited)	QPI	Namibia	Upstream exploration and production	10.00%	-
Block 2913B (with Impact Oil and Gas Namibia (PTY) Ltd)	QPI	Namibia	Upstream exploration and production	20.00%	-
Block CI-705 & Block CI-706 (with Total E&P Cote d'Ivoire BV)	QPI	Cote d'Ivoire	Upstream exploration and production	45.00%	-
Block CI-705 & Block CI-706 (with Petroci Holding)	QPI	Cote d'Ivoire	Upstream exploration and production	10.00%	-
Al Khalij Block 6 Field	QPOG	Qatar	Petroleum operations-exclusive rights	60.00%	60.00%

\* The Group's interest in these joint operations is based on contractual terms of production sharing arrangement which varies from time to time.



### **3. Significant accounting policies for preparation of the audited consolidated financial statements**

#### **3.1 Basis of consolidation and business combination**

##### ***Basis of consolidation***

The audited consolidated financial statements include the separate financial statements of QP and the (consolidated) financial statements of the entities controlled by QP (its “subsidiaries”).

Specifically, the Group controls an investee if and only if the Group has:

- a.) power over the investee;
- b.) exposure, or rights, to variable returns from its involvement with the investee; and
- c.) the ability to use its power over the investee to affect its returns.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- a.) the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- b.) potential voting rights held by the Group, other vote holders or other parties;
- c.) rights arising from other contractual arrangement; and
- d.) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that the decision needs to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are fully consolidated from the date on which QP obtains control, and continue to be consolidated until the date when such control ceases.

Profit or loss and other comprehensive income of each component are attributed to the owner of QP and the non-controlling interests (NCI). Total comprehensive income of the subsidiaries is attributed to the owner of QP and to the NCI even if this results in the NCI having deficit balance.

The audited consolidated financial statements incorporate the Group’s interest and its share of profits or losses from associates and joint ventures using the equity method of accounting. Joint operations are accounted for in the audited consolidated financial statements on the Group’s share of each of the assets, liabilities, income and expenses of the joint operations and are combined with the similar items, line by line.

Where necessary, adjustments are made to the financial statements of subsidiaries, joint ventures, joint operations and associates to bring their accounting policies in line with those used by the Group.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated or reversed in full.

##### ***Changes in the Group’s ownership interest in existing subsidiaries***

Changes in the Group’s ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

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

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.1 Basis of consolidation and business combination (continued)*****Business combination***

Acquisitions of a business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured under the Group's accounting policies; and
- Assets (or disposal group) that are classified as held for sale in accordance with the Group's accounting policies.

Non-controlling interests that are present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation is initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are those adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with the Group's accounting policies, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the financial reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the 'measurement period', or additional assets or liabilities are recognised, to reflect the information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognised at that date.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.2 Goodwill**

Goodwill is measured as the excess of the sum of the consideration transferred, the fair values of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

**3.3 Property, plant and equipment**

***Initial recognition***

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the Group; and
- (b) The cost of the item can be measured reliably.

However, items of property, plant and equipment may be acquired for safety or environmental reasons, for example to comply with environmental regulations. The acquisition of such items, although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment may be necessary to obtain future economic benefits from other assets or group of assets. Such items are also recognised as assets.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. The initial cost of an asset comprises:

- (a) its purchase price or construction cost, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) any costs directly attributable to bringing the asset into present location and condition, for example:
  - cost of site preparation;
  - initial delivery and handling cost;
  - installation and assembly cost;
  - cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced during the testing period; and
  - professional fees associated with the acquisition of the property.
- (c) the initial estimate of the cost of decommissioning, dismantling and removing the item and restoring the site on which it is located - wherever applicable and where a decommissioning obligation exists.
- (d) for qualifying assets, where applicable, borrowing cost.



**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.3 Property, plant and equipment (continued)*****Initial recognition (continued)***

Spare parts and servicing equipment are carried as inventory and expensed when consumed. However, major spare parts and stand-by equipment qualifying as property, plant and equipment are recognised as property, plant and equipment.

***Subsequent costs***

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset (as appropriate) only when it is probable that future economic benefits associated with the item of assets will flow to the Group and the cost of assets can be measured reliably, in consideration of the following provisions:

***(i) Additions and extension***

Cost incurred for additions and extension of an existing asset is capitalised when such cost results in increased efficiency, enhancement of benefits or life of the asset. In other cases, the cost incurred is expensed when incurred.

***(ii) Replacements***

Cost of replacement of an asset or part of an asset, where this asset/part is separately depreciated and is now replaced, and it is probable that future economic benefits associated with this asset/part will flow to the Group; the replacement costs are capitalized and depreciated as per depreciation policy used for that asset. The carrying amount of the old assets / parts that are replaced is written-off / derecognized.

Where this asset/part is not separately considered as a component and therefore not depreciated separately, the replacement cost is used to estimate the carrying amount of the replaced asset /part.

***(iii) Improvements / upgrades***

Costs incurred for improvement / upgrade of an existing asset are capitalized if such costs result in an increased efficiency, enhancement of benefits, or extending the useful life of the asset.

***(iv) Repairs, Refurbishment and Maintenance Cost***

Costs incurred for routine and cyclical maintenance and repairs as well as day-to-day repairs and maintenance are expensed when incurred.

Some assets require major maintenance and refurbishment at regular intervals, which is often described as an overhaul or turnaround. Cost of an item of property, plant and equipment is recognised when future economic benefits are probable and the cost of the item can be measured reliably. Subsequently, when the costs are incurred in relation to such an item of property, plant and equipment, the nature of such costs needs to be determined:

- (a) if the costs relate to the replacement of a part of the entire asset then the carrying amount of the part that is replaced is derecognized and recognizes the cost of the replacement part;
- (b) costs of day-to-day servicing costs (e.g. costs of labour and consumables and possibly the cost of small parts) should be expensed when incurred;
- (c) when each major inspection, overhaul or turnaround is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Such costs are to be depreciated over the period until next inspection, overhaul or turnaround. Any remaining carrying amount of the cost of the previous inspection, overhaul or turnaround is derecognized. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.3 Property, plant and equipment (continued)**

***Subsequent costs (continued)***

(v) *Furnishing*

In case of initial furnishing of new offices, clubs, medical centres or residential accommodation, the entire cost of furnishing is capitalized. Subsequent refurbishment / repair of furniture and fittings shall be in line with the policy above. Replacement is in line with the policy above.

(vi) *Exchange*

In case an asset is acquired in exchange for another asset (whether similar or dissimilar in nature), the cost will be measured at the fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

***Derecognition***

The carrying amount of an item of property, plant and equipment is derecognized:

- (a) by its sale or disposal by other means, or
- (b) when no future economic benefits are expected from its use, sale or disposal by other means.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized (unless otherwise in the event of a sale and lease back). The gain or loss resulting from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Gain / loss is classified as other income / expenses.

***Depreciation***

Oil and gas properties are depreciated on a unit-of-production basis over the total proved developed reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, or common facility, in which case the straight-line method is used.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives.

Shared infrastructure is depreciated using straight-line basis over the estimated useful lives of those assets.

Cost of major inspection, overhaul or turnaround which is capitalized is to be depreciated over the period until next inspection, overhaul or turnaround.

Land is not depreciated.

Residual value, useful life and methods of depreciation are reviewed at each reporting period, and, if expectations differ from previous estimate, any change is accounted/adjusted prospectively where appropriate.

The useful lives of the assets are as follows:

Oil and gas properties (UOP assets)	unit-of-production basis
Oil and gas properties (other than UOP assets)	10 to 40 years
Other property, plant and equipment (including port)	2 to 50 years

Depreciation begins when the asset is available for use.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.3 Property, plant and equipment (continued)*****Exploration and evaluation assets***

Exploration and evaluation activities involve the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

***Initial recognition***

Exploration and evaluation assets are measured at cost; expenditures associated to exploration and evaluation assets are those expenditures related to exploration and evaluation activities after obtaining the legal right to explore and before extracting the oil and gas resource, for example:

- (a) acquisition of rights to explore;
- (b) topographical, geological, geochemical and geophysical studies;
- (c) exploratory drilling;
- (d) trenching;
- (e) sampling;
- (f) activities in relation to evaluating the technical feasibility and commercial viability of extracting oil and gas resource; and
- (g) the initial estimate of the cost of decommissioning, dismantling and removing the item and restoring the site on which it is located, wherever applicable and where a decommissioning obligation exists.

Pre-license costs are expensed in the period in which these are incurred. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated.

***Classification***

Exploration and evaluation assets are classified as tangible (e.g. drilling rigs) or intangible (e.g. drilling rights) according to the nature of the assets acquired and the classification is applied consistently. Tangible portion of the exploration and evaluation assets is presented as part of property, plant and equipment while intangible portion is presented as intangible assets in the consolidated statement of financial position.

Exploration and evaluation assets remain in a separate un-depreciable asset class in the property, plant and equipment and intangible assets until the status of success or failure is known.

Upon recognition of proved oil and / or gas resources and internal approval for development, the relevant exploration and evaluation assets are to be reclassified as oil and gas properties.

***Measurement after initial recognition***

Exploration and evaluation assets are stated at cost less impairment – if any. Exploration costs are accounted for using the successful efforts method of accounting. Under the successful efforts method, the exploration and evaluation costs are grouped on a field basis; those costs for successful projects remain as an asset only if the cost directly results in the development of proved reserves. Those costs for unsuccessful projects are immediately expensed and are recognized in profit or loss.

Accordingly, within the context of a successful efforts approach, only those costs that lead directly to the discovery, acquisition, or development of specific discrete oil and/or gas reserves are capitalized. If no potential commercial hydrocarbons are discovered, the exploration asset is written off as a dry well. If extractable hydrocarbons are found and subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as exploration and evaluation assets while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons.



**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.3 Property, plant and equipment (continued)**

***Exploration and evaluation assets (continued)***

***Measurement after initial recognition (continued)***

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons are initially capitalized as exploration and evaluation assets. All such capitalized costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year; this is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss.

When proved reserves of oil and/or natural gas are identified and development is sanctioned by management, the relevant capitalized expenditures are first assessed for impairment and (if required) any impairment loss is recognized. The remaining balance is transferred to oil and gas properties or intangible assets where appropriate. No depreciation is charged during the exploration and evaluation phase.

***Development costs***

Post evaluation phase and upon recognition of proved reserve, development costs including expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of production wells are capitalised within oil and gas properties.

***Capital work-in-progress***

Capital work-in-progress is initially recognised at cost, which includes cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Following the initial recognition; capital work-in-progress is carried at cost less impairment losses – if any. Capital work-in-progress is not depreciated or amortized.

Capital work-in-progress will be transferred to respective classes of property, plant and equipment when the asset is ready for use as intended by the management.

**3.4 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 recognizes the investment property at cost model and carries at cost less accumulated depreciation and impairment loss, (if any).

***Recognition and measurement***

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

***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

***Depreciation***

Depreciation is calculated on buildings only to write off the cost of items of investment property using the straight-line method over the estimated useful life of 40 years (2019: 20 years) and is recognised in profit or loss.

During the year, the Group reassessed the useful life of its investment properties, which resulted in a change in the expected useful lives which have increased when compared to the previous year. The effect of these changes is a decrease in depreciation expense for the year amounting to QR 11 million.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.4 Investment property (continued)*****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 disposal with their respective carrying amounts and are recognised in profit or loss.

**3.5 Intangible assets**

Assets like computer software, IT applications, license costs, field appraisal program and intellectual property are classified as Intangible Assets if these are identifiable, non-monetary, controlled by the Group and it is probable that expected future economic benefits that are attributable to the asset will flow to the Group.

***Measurement***

Intangible assets are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation of intangible assets is calculated on a straight-line basis over the estimated useful life of those assets. The periodic amortisation is recognized as amortisation expense in profit or loss. The amortisation period is reviewed at each reporting period and adjusted prospectively where appropriate.

***Derecognition***

An intangible asset is derecognised:

- (a) on disposal; or
- (b) when no future economic benefits are expected from its use or disposal.

Intangible assets majorly comprise of costs incurred on appraisal wells and computer software. These intangible assets are amortised over the useful life of 4 to 5 years.

**3.6 Catalysts**

Catalysts (which comprise of chemicals and precious metals) acquired are measured on initial recognition at cost. Following initial recognition, catalysts are carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation period is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on catalysts is recognised in profit or loss.

Catalysts with an estimated life of less than one year are recorded as inventory and expensed when used. Catalysts with an estimated life of more than one year are capitalised and are amortised on a straight line basis over their useful life between 2 to 6 years.

**3.7 Borrowing costs**

Borrowing costs are interests and other costs that are incurred in connection with the borrowing of funds. Borrowing costs attributable to acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset up to the date the asset is ready and able to be placed into service. The borrowing costs eligible for capitalisation are those costs that would have been avoided if the expenditure on the qualifying asset had not been made. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended purpose.

Other borrowing costs are expensed in the period in which they are incurred. For the purpose of determining interest available for capitalisation, the costs related to these borrowings are reduced by any investment income realized on the temporary investment of funds from the borrowing. Costs associated with raising the financing are capitalized and amortised to expense as per the effective interest method.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.8 Government grants**

Government grants, including non-monetary grants, are recognised when there is a reasonable assurance that:

- (a) The Group will comply with the conditions attaching to them - if any; and
- (b) The grants will be received.

Non-monetary government grants such as land and other resources are recorded at nominal amount.

**3.9 Investments in joint ventures and associates**

***Investments in joint ventures***

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Shareholders advances to joint ventures having the characteristics of equity financing are also included in investment in the consolidated statement of financial position.

***Investments in associates***

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those entities.

***Equity method of accounting***

The Group accounts for its investments in joint ventures and associates in its audited consolidated financial statements using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received from equity accounted investees are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables for which settlement is neither planned nor expected to happen in foreseeable future, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

**3.10 Interests in joint operations**

Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligation for the liabilities, relating to the arrangement. The Group combines its share of each of the assets, liabilities, income and expenses of the joint operation with the similar items, line by line, in its audited consolidated financial statements. The joint operations are combined from the date of acquisition of joint control until the date on which the Group ceases to have joint control over these joint operations.

### 3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)

#### 3.11 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date is regarded as its fair value on initial recognition in accordance with IFRS 9 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

#### 3.12 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil and refined products is the purchase cost (in case of crude oil purchased for refining purpose), the cost of refining, including the appropriate proportion of overheads based on normal operating capacity, determined on a weighted average basis.

##### ***Cost of purchase***

The costs of purchase of inventories comprise the purchase price, import duties and other taxes, if any (other than those subsequently recoverable by the Group from the taxing authorities), and transport, handling and other cost directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

##### ***Cost of conversion***

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as maintenance of refinery buildings and equipment, and the cost of refinery management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.



**3. Significant accounting policies for preparation of the audited consolidated financial statements  
(continued)**

**3.12 Inventories (continued)**

***Other costs***

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

***Pipeline fill***

Hydrocarbons, which are necessary to bring a pipeline into working order, are treated as a part of the related pipeline. This is on the basis that these are not held for sale or consumed in a production process but are necessary to the operation of a facility during more than one operating cycle, and their cost cannot be recouped through sale.

***Net realisable value***

Net realisable value refers to the net amount that the Group expects to realise from the sale of inventory in the ordinary course of business. It is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**3.13 Foreign currency transactions and translation**

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss or other comprehensive income depending on where the fair value is adjusted. 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 and resulting foreign currency differences are recognised in profit or loss and presented within finance charges.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Qatari Riyals at exchange rates at the reporting date. The income and expenses for each statement of consolidated profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Moreover, all resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.14 Financial instruments*****Financial instruments – 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 or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

***Classification and subsequent measurement of financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets not held in qualifying hedge relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.14 Financial instruments (continued)**

***Classification and subsequent measurement of financial assets (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 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, the reasons for such sales and expectations about future sales activity.

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 ("SPPI")*

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 SPPI, 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 SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional 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 additional 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. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.14 Financial instruments (continued)*****Classification and subsequent measurement of financial assets (continued)****Financial assets – Subsequent measurement and gains and losses**Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

***Classification and subsequent measurement of financial liabilities***

Financial liabilities (accounts payables, bonds, and derivative financial instruments) 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 effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

***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 consolidated 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 derecognised.

*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.



**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.14 Financial instruments (continued)**

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the consolidated 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.

***Impairment of financial assets***

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, due from related parties, loan to related parties, short-term deposits and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables and loans to related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

***Derivative financial instruments and hedging***

The Group uses derivative financial instruments to hedge its foreign currency and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a.) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- b.) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- c.) Hedges of a net investment in a foreign operation.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.14 Financial instruments (continued)*****Derivative financial instruments and hedging (continued)***

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

***Cash flow hedges that qualify for hedge accounting***

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as in finance costs. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

***Derivatives that do not qualify for hedge accounting***

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established, which is earlier of when the Group receives the dividends or dividends are approved by the shareholders of the investee companies in the Annual General Assembly.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.14 Financial instruments (continued)**

***Interest income and expenses***

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised as 'Interest income' and 'Finance charges', respectively, in profit or loss using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

**3.15 Impairment**

***Non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset or cash-generating unit (CGU) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of the impairment testing, assets are grouped together into the smallest group of assets that independently generate cash inflow (i.e. the cash generating unit or "CGU").

Recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating value in use, the estimated future cash flows are 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/CGU. In determining fair value less costs to sell, recent market transactions are taken into account.

Impairment losses of continuing operations, including impairment of inventories, are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

***Reversal of impairment loss***

The Group assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset, may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

If the recoverable amount of that asset is higher than the carrying amount, the impairment loss recognized in prior periods are reversed to the extent that the reversal of impairment loss does not exceed the carrying amount of the asset that would have been determined had no impairment loss been recognized for that asset in prior year.

A reversal of an impairment loss for an asset is recognized in profit or loss.

**3.16 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and in hand and short-term bank deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank deposits with short-term maturities, net of any outstanding bank overdrafts.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.17 Leases**

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.

**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.

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 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.

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.



**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.17 Leases (continued)**

***As a lessee (continued)***

*Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term and included under operating, selling and administrative expenses.

***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 on the basis of their relative stand-alone 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.

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 on a straight-line basis over the lease term as part of 'other operating income'.

**3.18 Social fund contribution**

Some entities in the Group make contributions equivalent to 2.5% of the adjusted consolidated net profit for the year into a state social fund for the support of sports, cultural, social and charitable activities in accordance with Law No. 13 of 2008. This is presented in the consolidated statement of changes in equity as an appropriation from consolidated profit.

**3.19 Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.20 Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is recognized in profit or loss net of any reimbursement except in case of provision for dismantling and decommissioning which are capitalised in property, plant and equipment if the future economic benefits of the related assets will flow to the Group. If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

***Onerous contracts***

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**3.21 Revenue recognition**

IFRS 15 “Revenue from Contracts with Customers” outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a new five-step model that applies to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from contracts with customers is recognised when control of the products or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products or services.

The Group recognises revenue from the following major sources:

***Sale of petroleum and related products***

Sale of petroleum and related products includes revenue earned by the Group through the export of regulated products and sale of petroleum and other products for local consumption. Revenue from sale of petroleum and related products is recognized at a point-in-time (when the control is transferred) or over time (as and when the control transfers). Control of the petroleum and related products is determined to be transferred to the customer when the title of petroleum and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.21 Revenue recognition (continued)**

***Sale of products produced as a result of underlying Production Sharing Agreements (“PSAs”)***

The Group, on behalf of the Government of State of Qatar, has entered into PSAs with Foreign Partners, to facilitate the exploration and production of the petroleum resources of the State of Qatar. Under the terms of the relevant PSAs, the Group is entitled to its participating share in the petroleum products. Revenue from products lifted as a result of PSAs is recognized at a point-in-time or over time when the control of the products transfers from Group to the customers.

***Provision of services and sale of non-petroleum products***

The Group is engaged in provision of services, such as port services, seawater cooling facility, secondment services, lease, miscellaneous services. Revenue from sale of non-petroleum products and services is recognized at a point-in-time (when the control is transferred) or over time (as and when the control transfers).

**Overlift / underlift of crude oil**

Overlift or underlift of crude oil occurs when the volume of oil lifted by a partner in a joint arrangement from its participating interest in the production is in excess or short of the allocated amount. Transaction of overlift or underlift creates an obligation for the underlifter to the overlifter. The obligation would be satisfied and revenue recognized by the underlifter when the output is lifted by the overlifter only if:

- overlifter meets the definition of the customer; and
- transaction is not a non-monetary exchange between entities.

The overlifter recognizes revenue when it delivered the output that it actually lifted to its customers.

The initial measurement of the overlift liability or underlift asset is at the market price of crude oil at the date of lifting. Subsequent measurement of overlift / underlift liabilities and assets depends on the settlement terms of the related operating agreements. If such terms allow for a cash settlement of the overlift / underlift balances between the parties, the balances are re-measured at fair value at reporting dates subsequent to initial recognition.

***Sales of steel products***

The Group manufactures and sells a range of steel products and by-products. Sales of goods are recognised when the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales is measured based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days.

Terms of delivery to customers are specified in the Offtake Requirements for the sale of steel. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.21 Revenue recognition (continued)*****Sale of fertiliser goods***

The Group manufactures and sells urea, ammonia and melamine products. Sales of goods are recognised when the Group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Terms of delivery to customers are specified in the offtake requirements for regulated products. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods.

***Service and management charges***

Service and management charges relate to management of operation of one of the Group's associates while agency commission relates to management of the marketing activities of the same associate. They are recognised in the accounting period in which the services are rendered.

***Revenue from drilling services***

The Group has generally had comprehensive agreements with customers to provide integrated services to operate a rig and drill a well. The Group is seen by the operators as the overseer of all services and are compensating the Group to provide that entire suite of services. In identifying performance obligations, IFRS 15 series guidance states that a contract may contain a single performance obligation composed of a series of distinct goods or services if:

- a) each distinct good or service is substantially the same and would meet the criteria to be a performance obligation satisfied over time; and
- b) each distinct good or service is measured using the same method as it relates to the satisfaction of the overall performance obligation.

The Group determined that the delivery of day rate drilling services is within the scope of the series guidance as both criteria are met:

- each distinct increment of service (i.e. hour available to drill) that the Group promises to transfer represents a performance obligation that would meet the criteria for recognizing revenue over time; and
- the Group would use the same method for measuring progress toward satisfaction of the performance obligation for each distinct increment of service in the series.

Consideration for activities that are not distinct within the scope of contracts, such as mobilization, demobilization and upgrade/modification, and do not align with a distinct time increment within the contract term are allocated across the single performance obligation and are recognized over the expected recognition period in proportion to the passage of each hour available to drill.

Consideration for activities which align with a distinct time increment within the contract term is recognized in the period when the services are performed.

Drilling services are consumed as the services are performed and generally enhance a well site which the customer controls. Work performed on a well site does not create an asset with an alternative use to the contractor since the well/asset being worked on is owned by the customer. Therefore, the Group's measure of progress for a drilling contract is hours available to drill over the contracted duration.

***Helicopter transportation services revenue***

The Group provides helicopter transportation services to its customers. As these services are provided "over time", revenue is recognized accordingly.

Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.



**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.21 Revenue recognition (continued)**

***Revenue from insurance contracts***

Premiums and reinsurance premiums are taken into income over the terms of the policies to which they relate. Gross insurance and reinsurance written premiums comprise the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated at actual number of days method (daily pro-rata basis). The change in the provision for unearned premium is taken to profit or loss in order that revenue is recognised over the period of risk.

***Catering, manpower, accommodation and housekeeping and other revenue***

The Group provides catering, manpower, accommodation and cleaning services to customers. Length of the contract depends on the customers' requirement. Revenue is recognised over the period of contract based on the output. Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.

***Revenue from function or event sales***

Revenue is recognised point in time when the foods are delivered to the customers based on the rates agreed with the customer.

***Revenue from Air Ambulance Services, Supply of spares, maintenance, repair operation services and Training services.***

Revenue is recognized based on the actual services rendered and goods delivered based on the rates agreed with the customer.

***Revenue from vehicle inspection, transportation and distribution of refined petroleum products services***

Revenue from such services is recognised upon completion of services as the duration of services is generally short in nature.

***Revenue from sale of Petrochemical products***

The Group manufactures and sells a range of petrochemical products and by-products. Sales of goods are recognised when the control of the product has transferred upon completion of loading. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods.

**3.22 Insurance claims and expense recognition**

***Insurance claims***

Insurance claims incurred consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not. Provisions for reported claims, but not settled as at the end of the reporting period, are made on the individual case estimates. In addition, a provision based on a range of historical trends, empirical data and current assumptions is maintained for the cost of settling claims incurred but not reported at the end of the reporting period.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.22 Insurance claims and expense recognition (continued)*****Reinsurers' share of claims***

Reinsurers' share of claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

**3.23 Reinsurance**

The Group enters into agreements with other parties for reinsurance purposes, in order to minimize insurance risk exposure from large claims and to ensure the risk management policy of the Group, in the normal course of business for all of its business classes. Reinsurance contract assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsurance business.

Reinsurance assets are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurance companies. The impairment loss is recorded in the profit or loss.

Reinsurance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

**3.24 Deferred acquisition costs (DAC)**

DAC are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset's derecognized is recorded in profit or loss, the deferred portion of the acquisition costs is included in the consolidated statement of financial position.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC are included as part of the liability adequacy test for each reporting period.

DAC are derecognized when the related contracts are either settled or disposed off.

**3.25 Insurance contract liabilities**

Insurance contract liabilities include the provision for outstanding claims, provision for claims incurred but not reported and the provision for unearned premium. Insurance contract liabilities are recognized when contracts are entered into and premiums are charged. The provision for outstanding claims is recognized for claims reported but not settled and accounts for the liability for unpaid loss and loss adjustment expense amounts based on the management's and loss adjusters' best estimate.

The provision for claims incurred but not reported is calculated based on empirical data, historical trends and patterns and appropriate assumption with the application of widely acceptable actuarial techniques.

The provision for unearned premium represents the portion of premium which relates to risks that have not expired as the reporting date. The provision for unearned premium is calculated based on the insurance service pattern provided by the insurance contract and is recognized as income over the term of the contract.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.25 Insurance contract liabilities (continued)**

The Group reviews the adequacy of the provision for unearned premium to cover costs associated with liability arising from unexpired risk at each reporting date. Where the provision is considered inadequate to cover future contractual obligations for unexpired risks, a provision for premium deficiency is established and recognized.

**3.26 Capital**

Capital is authorised and represented by Government of State of Qatar in accordance with Decree Law No.10 of 1974 (as amended by Law No.5 of 2012).

**3.27 Taxes and royalties**

**Taxes**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

*Current tax*

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

*Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount taxable temporary differences is insufficient to recognize a deferred tax asset in full, then the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)****3.27 Taxes and royalties (continued)*****Royalties***

The Group complies with all valid and applicable laws related to royalties issued by the Government of the State of Qatar. Royalties are payable to the Government of State of Qatar. Royalties are applied on export sale of crude oil, refined products and gas including condensate and recorded under operating, selling and administrative expenses. Royalties are deductible for tax calculation purpose.

**3.28 Dividend distribution**

Dividends payable are recognised in the audited consolidated financial statements in the period in which these are approved by the Board of Directors. However, if these are approved after the reporting period but before the audited consolidated financial statements are authorised for issue, they are disclosed in the notes to the audited consolidated financial statements.

**3.29 Post-employment benefit plans*****Defined contribution plan***

QP and certain entities in the Group have a defined contribution plan for the Qatari national employees and other GCC national employees (who joined on or after 5 March 2003). In case of Qatari employee, QP and those entities contribute as pension, 10% of salary on behalf of the employee and the employee contributes 5%, and therefore a total 15% is remitted to the Government Pension Fund in accordance with the requirements of Law No 24 of 2002 (as amended) pertaining to Retirement and Pensions. In case of other GCC nationals, QP and other GCC employees contribute at specified rates which are then remitted to Government pension fund. Under this Law and QP's policy, QP and those entities do not have any legal or constructive obligation to pay future pension to those employees and hence QP and those entities' obligations are limited to their contributions paid to Government Pension Fund which are expensed when due.

***Defined benefit plans***

A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans should be the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. When no deep market in such bonds exists, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, when material, in the period in which they occur, directly in other comprehensive income. They are included in 'defined benefits obligations remeasurement reserve' within equity.

The Group maintains two defined benefit plans as follows:

***Qatari pension scheme***

QP and certain entities in the Group provide a defined benefit plan for the Qatari national employees who retired before 5 March 2003. Under this plan, QP and those entities pay a monthly pension to those employees until death. The defined benefit plan is valued at each reporting date by professionally qualified independent actuaries. The pension liability recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation based on the actuarial valuations.



**3. Significant accounting policies for preparation of the audited consolidated financial statements (continued)**

**3.29 Post-employment benefit plans (continued)**

***Defined benefit plans (continued)***

*Employees' end of services benefits*

Employees' end of services benefits represents terminal gratuities and are provided for services rendered in accordance with entitlements stipulated in the employees' contract, QP policy and/or Qatar Labour Law number 14 of 2004. This plan is for Qatari and non-Qatari employees. The employees' end of services benefits liability is valued at each reporting date by professionally qualified independent actuaries. The employees' end of services benefits liability recognised in the consolidated statement of financial position represents the present value of the employees' end of services benefits obligation based on the actuarial valuations.

**3.30 Events after the reporting date**

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the audited consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the audited consolidated financial statements, when they are material.

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements**

In preparing the audited consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**4.1 Critical judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimations, that management has made in the process of preparation of the audited consolidated financial statements and that have the most significant effect on the amounts recognised in the audited consolidated financial statements:

**(i) Classification of investments in subsidiaries**

The Group has classified its investments in Qatar Fuel Company ("Woqod") and Gulf International Services Q.S.C. ("GIS") as subsidiaries. Under the terms of the incorporation documents of these entities, the Group is in a position to exercise control over the relevant activities of these entities. Accordingly, the Group has classified these investments as investments in subsidiaries.

**(ii) Assumptions to determine the carrying amount of the defined benefit obligation**

The Group's defined benefit obligation (under Qatari pension scheme and employees end of service benefits) is based on the following:

- Discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the bonds, quality of the bonds and the identification of outliers which are excluded.
- Pension / salary increase rate reflects the management's view on long term pension / salary increases.
- Post retirement mortality is based on best estimate of the future life expectancy of pensioners and their dependent. Management intends to keep the mortality assumption under review to take account of new research or scheme experience where credible.

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)****4.1 Critical judgments in applying accounting policies (continued)****(ii) Assumptions to determine the carrying amount of the defined benefit obligation (continued)**

- Retirement life of both males and females has been assumed to be 60 years.

**(iii) Exploration and evaluation expenditure**

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount will be written off to profit or loss.

**(iv) Development costs**

Development activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development asset is impaired, the appropriate amount will be written off to profit or loss.

**(v) Decommissioning liabilities**

The Group has recognized certain provisions for the future costs of decommissioning as outlined in Note 24(a). Management has assessed that no other decommissioning liabilities exist as at the reporting date since there is no legal or constructive obligation on the Group with respect to decommissioning, except for those recognized in the audited consolidated financial statements.

**(vi) Revenue recognition***Satisfaction of Performance Obligations*

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. For sale of goods and rendering of services, revenue is recognized by the Group at a point in time when the control is transferred to the customer and over time when the customer is consuming the benefits as and when the control is being transferred.

*Determination of transaction price*

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to true up adjustments, discounts and bonus payments. In determining the impact of variable consideration, the Group uses the "expected-value" method whereby the transaction price is determined by reference to a sum of probability weighted amounts.

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)**

**4.1 Critical judgments in applying accounting policies (continued)**

**(vi) Revenue recognition (continued)**

*Allocate the transaction price to the performance obligations in the contract*

The Group is required to allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation. For contracts that have more than one performance obligation, the Group is required to allocate the transaction price between the identified performance obligations under the contracts on a relative separate selling price basis. In determining the stand-alone selling price of each performance obligation, if it is not directly observable, the Group estimates it considering all information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the Group.

**(vii) PSAs entered on behalf of the Government**

QP is a party to the Production sharing agreements (“PSAs”) agreements with the contractors as the representative of the Government of State of Qatar. The Group has determined that it is acting as the principal in relation to these agreements and accordingly, all the assets, rights and obligations arising from these agreements are assessed by the Group and accounted for in the audited consolidated financial statements.

QP has determined that it has full control over the operations of some PSAs (“Full Controlled Operations”) while some PSAs are jointly controlled by QP with foreign partners (“Joint Operations”) under the terms of PSAs. Under Full Controlled Operations, full revenue, expenses, assets and liabilities of the operations are recorded in the consolidated financial statements.

**(viii) Taxes paid on behalf**

The Group has various fiscal regimes and arrangements whereby income tax is being assumed, paid and discharge by QP on behalf of the contractors and joint venture partners to the tax authorities. These taxes are calculated based on the PSA and other agreements with the contractors and joint venture partners. These taxes represent the cost of revenue for the PSA transaction. Accordingly, the Group is accounting for these taxes as an operating expense.

**(ix) Taxes on export income from crude oil, refined products, gas and condensates**

Management believes that the Group is liable to pay taxes to the State of Qatar on export income of certain products based on the communications received from the Government and the established past practises of the Group notwithstanding any provisions in the general income tax law. In calculating the tax expense, management is required to make certain estimates and assumptions related to the products that would be subject to taxes as well as the allowable expenses to be deducted from the revenue of such products.

**(x) Transactions with Government of Qatar**

QP enters into various transactions with Government of Qatar. These transactions are entered with Ministry of Finance (“MOF”) where MOF acts on behalf of Government of Qatar. Since QP is a state-owned public corporation, the management, depending on the nature of the transaction, considers transactions with MOF as either the transaction with Government or the representative of the shareholder.

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)****4.1 Critical judgments in applying accounting policies (continued)****(xi) Classification of cash flow hedge**

Classification of cash flow hedge is identified based on exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

**(xii) Going concern**

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the audited consolidated financial statements continue to be prepared on a going concern basis.

**(xiii) Tax**

Tax matters of the Group's certain subsidiaries, associates and joint ventures are governed by the Joint Venture Agreements ("JVA"). Any tax clauses agreed under a joint venture agreement ("JVA") and approved by MOF / GTA will take precedence over the Qatar tax law.

It has been agreed by the parties to certain joint venture agreements, that each party is responsible for its own tax and therefore, the foreign shareholder's share of profits is adjusted for 100% of the tax payable to GTA.

In addition, a Memorandum of Understanding (MoU) was concluded on 4 February 2020 between QP, Qatar Electricity and Water Company Q.P.S.C. ("QEWAC"), GTA and MOF, where MOF agreed to bear tax on behalf of the listed entities mentioned in the MoU. According to MoU, certain joint ventures make payments to GTA for the taxes due on the share of foreign shareholders and make payments to the listed company in amounts equal to assumed tax on the listed company's share.

When it is virtually certain that the foreign shareholders of the Group's joint ventures compensate the venture for their share of the results in the respective joint ventures, a tax indemnity is recognised as a tax reimbursement asset in the financial statements of the joint ventures.

The management of the Group assessed that no further tax liability exists on the Group beyond what is recorded and remitted to GTA.

**(xiv) Classification of assets classified as held for sale**

The Group has classified its investment in joint venture and related assets as held for sale assets. Management has assessed that the carrying amount of these investments will be recovered principally through a sale transaction rather than through continuing use.



**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)**

**4.1 Critical judgments in applying accounting policies (continued)**

**(xv) Lease liabilities**

Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date. The extension of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the lease liability and the fair value of the underlying asset.

**(xvi) Classification of loans to equity accounted investees**

The Group has provided interest-bearing loans to an associate and a joint venture. The proceeds of the loans are used by the associate for general working capital requirements and by the joint venture to lend it to its joint venture. Management has assessed that these loans are financial assets as the intention in providing the loan is to recover the full amount of loan in accordance with the terms of the agreement. Management presents portion of the loan as current based on the associate's projected cash flows or contractual repayments for the next 12 months after the reporting period.

**4.2 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

**(i) Estimation of oil and gas reserves**

Proved Reserves are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The Group estimates its reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, volume of the reservoir, quality of the hydrocarbon fluid and suitable production techniques and recovery rates. Reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices. The Group forecasts reserves based on technical assessment and economic limit test, in addition to and with respect to end of remaining useful life of each asset facility. Future development costs are estimated using assumptions as to the number of wells required to produce the reserves, the cost of such wells and associated production facilities, and other capital costs. Within the inclusion of future development, the Group considers commerciality of the projected reserve profiles in their assessment. Reserves are most sensitive in these assets to end of field life facilities limitations that the Group has forecast on each asset. With capital investment, the Group fully expects that these dates will be extended and provide added value, but this has not been considered in the forecast of the Proved Reserves. Reserves are also very sensitive to continued development / investment, operational limitations, and price volatility. The long-term Brent oil price assumption used in the estimation of commercial reserves is per management's forecast. The carrying amount of oil and gas properties at 31 December 2020 amounted to QR 30,965 million (2019: QR 31,579 million).

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)****4.2 Key sources of estimation uncertainty (continued)****(i) Estimation of oil and gas reserves (continued)**

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported consolidated financial position and results, which include:

- The carrying value of exploration and evaluation assets, oil and gas properties and licenses included in intangible assets;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.

**(ii) Impairment of non-financial assets**

Impairment assessment is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. For the purpose of the impairment testing, assets are grouped together into CGU. In calculating value in use, certain assumptions are required to be made in respect of highly uncertain matters including the estimated future cash flows that are 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/CGU.

The Group's management tests annually whether there are any indicators that non-financial assets (other than inventory) may be impaired in accordance with accounting policies stated in Note 3 to the audited consolidated financial statements. If indication exists, the recoverable amount of the asset or a CGU is determined based on the higher of fair value less costs to sell or value-in-use method which uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before interest, tax, depreciation and amortisation ("EBITDA"), calculated as adjusted operating profit before depreciation and amortisation;
- long term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares detailed long term plans for its investments which are reflected in the financial models of these investments. These plans are reviewed and approved by the Group's management and are subsequently used as the basis for its impairment reviews. In estimating the value in use, the Group uses financial models which are regularly reviewed and updated over the operating period of the investment. As part of the review process, management challenges and reassess the validity of the underlying assumptions of these financial models. During the year, the Group has identified indicators for impairment in its investments in Laffan Refinery Company Limited (2) ("LR 2"), Barzan Gas Company Limited ("Barzan"), Laffan Refinery Company Limited, Qatar Vinyl Company Limited, Oryx GTL Limited, Total Exploration and Production Congo ("TEPC"), Tamba B.V. and Arab Refining Company ("ARC"). Accordingly, management assessed impairment on these investments. As a result of impairment testing, the Group has recognized provision amounting to QR 306 million related to its investment in LR2, QR 884 million related to investment in TEPC, QR 452 million on Tamba B.V. and QR 501 million related to investment in ARC.

**Notes to the summary consolidated financial statements  
As at and for the year ended 31 December 2020**

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)**

**4.2 Key sources of estimation uncertainty (continued)**

**(ii) Impairment of non-financial assets (continued)**

Furthermore, due to continuous losses over past periods on sales made to international customers, Qatar Steel (Group's subsidiary) made a reassessment of its business model. Based on the reassessment made, the Group concluded that the prices of steel in the export market are not expected to recover due to current COVID-19 pandemic and other economic factors, to the extent to which it will enable the Group to make profits on sales to international customers. Hence, the management of Qatar Steel decided to cease Qatar Steel's export sales and mothball one of Qatar Steel's production facilities until the prices of steel in international market improves to a sustainable position. Accordingly, Management assessed the impairment of property, plant and equipment during the current period which led to a full impairment of QR 1,225 million of property, plant and equipment related to the mothballed production facility.

Additionally, as at the reporting date, the management of the Group's subsidiaries has assessed the recoverable value of certain assets included within property plant and equipment as at the reporting date using discounted cash flow model and recognized an impairment loss for the excess of carrying value of the recoverable values.

The Group has not identified impairment indicators against other non-financial assets as at the reporting date.

**(iii) Useful lives of property, plant and equipment**

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined upon a consideration of the expected usage of the asset, physical wear and tear and technical or commercial obsolescence. In case of assets depreciated at unit of production basis, an estimate is made on the future expected hydrocarbon production throughout the remaining life of the asset.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions; and
- Unforeseen operational issues.

During the year, the Group's management has conducted a detailed assessment of reviewing the useful lives of certain categories of assets which resulted in changes in the expected usage of those assets. These asset classes, which management had previously estimated to have useful lives of 20 to 25 years, are now expected to remain in use for 40 years from the date of capitalisation. As a result, the expected useful lives of these assets have been increased. The effect of these changes on actual and expected depreciation expense is as follows. The expected impact of these changes will continue beyond 2025 and the below analysis is provided only for next 5 years.

	<b>2020</b>	2021	2022	2023	2024	2025
Decrease in depreciation expense	<b>572,462</b>	560,448	560,437	559,425	555,556	551,762

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)****4.2 Key sources of estimation uncertainty (continued)****(iv) Impairment of project preliminary and pre-incorporation expenses**

Project preliminary and pre-incorporation expenses are incurred by the Group in respect of a prospective subsidiary/joint venture companies in which the Group has or intends to acquire interest in. On a regular basis, the Group management performs assessment and reviews the recoverability and feasibility of these projects.

**(v) Fair value measurements**

The Group's investments in equity investments at FVOCI, financial assets at FVTPL and foreign currency swaps are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent available.

**(vi) Provision for inventories**

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value ("NRV"). NRV for crude oil, gas and refined products is calculated based on their estimated selling prices in the ordinary course of business less the estimated costs to sell. Provision for obsolescence for maintenance and other materials is based on inventory type and ageing.

**(vii) Financial instruments***Definition of default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

*Significant increase in credit risk*

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized.



**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)**

**4.2 Key sources of estimation uncertainty (continued)**

**(vii) Financial instruments (continued)**

Significant increase in credit risk (continued)

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

*Calculation of loss allowance*

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**(viii) Provision for outstanding insurance claims**

Considerable judgment by management is required in the estimation of amounts due to policy holders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends and loss ratios to predict future claims settlement trends with support of external activities for certain line of business.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported (IBNR), on a half-yearly basis.

The Group does not cover pandemics and is not liable to COVID-19 claims. However, for health insurance, actuary has factored in the potential impact of the COVID-19 pandemic and allowed for a 15% margin on IBNR for the possible delay in reporting and deferment of medical services related to non-COVID claims as a result of the pandemic.

**4. Critical judgments and key sources of estimation uncertainty in preparation of the audited consolidated financial statements (continued)****4.2 Key sources of estimation uncertainty (continued)****(viii) Provision for outstanding insurance claims (continued)**

The outbreak of COVID-19 continues to progress and evolve. The outbreak has had an impact on the demand and supply of healthcare services across the globe. New data on the spread of COVID-19 is still emerging. In addition, actions taken by governmental authorities and the healthcare system related to the COVID-19 pandemic are rapidly changing. Due to the limited information available on the pandemic, any analysis is subject to a substantially greater than usual level of uncertainty. These developments could impact estimated provisions and the assumptions may be revised significantly in 2021.

The management has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the provision for outstanding claims this has resulted in recognition of provision as at 31 December 2020.

**(ix) Unearned premiums**

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums are calculated on a daily pro rata basis.

**(x) Abandonment of wells and decommissioning of area**

The future obligation for abandonment of wells and decommissioning of production area, where applicable, is booked at its present value, discounted at a risk free rate and is fully recorded at the time of declaration of commerciality of each field, as part of the cost of the related assets and a corresponding provision recorded in the liabilities that will support these expenses. The discount rate used in the determination of the decommissioning liability ranges from 3% - 8% (2019: 4.5% - 8%).

**(xi) Valuation of investment in QAFCO at acquisition date**

At the date of reclassification of investment in QAFCO as a subsidiary, the Group ceases to equity account for the share in the profit of QAFCO. The investment in QAFCO is remeasured to its acquisition-date fair value.

Management has assessed the fair value of the investment by using discounted cash flow model. The calculations were based on the following assumptions:

- WACC: 9.6%
- Utilization of capacity: 95% to 100%
- Enterprise value to Earnings Before interest, tax, depreciation and amortisation (EBITDA) multiple: 8.85 multiple
- Terminal period growth rate: 2.5%
- Projected cash flows over 17 years

The above assumptions are based on management best estimate and any change thereof may result in materially different recoverable amount.

**(xii) Purchase price allocation for assumed control**

On the achievement of control over a subsidiary, the cost is allocated by recognising the identifiable assets, liabilities and contingent liabilities acquired at fair value at the date at which control is achieved. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired, then the difference is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired, then a gain is recognised in profit or loss.

Notes to the summary consolidated financial statements  
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QR '000

(a). Property, plant and equipment

	Oil and gas assets	Other property, plant and equipment	Exploration and evaluation assets	Capital work-in-progress	Total
<b>Cost:</b>					
At 1 January 2019	77,464,244	179,562,736	2,238,147	20,058,891	279,324,018
Additions	758,662	7,554,431	1,614,039	6,103,777	16,030,909
Reclassification / transfers (Note ii)	396,501	1,363,958	202,380	(2,181,433)	(218,594)
Effect of foreign currency translation	-	(87,381)	(115,973)	-	(203,354)
Derecognition (Note iv)	(12,766)	(1,247,815)	-	(38,166)	(1,298,747)
At 31 December 2019	78,606,641	187,145,929	3,938,593	23,943,069	293,634,232
Additions	575,918	5,053,560	2,227,493	5,243,091	13,100,062
Acquisitions through business combinations (Note 37)	-	25,576,304	-	246,478	25,822,782
Reclassification / transfers (Note ii)	2,432,370	1,292,697	1,576,216	(3,781,099)	1,520,184
Effect of foreign currency translation	-	(605,446)	(35,596)	(102)	(641,144)
Derecognition (Note iv)	(3,379,731)	(2,352,768)	(208,973)	(38,471)	(5,979,943)
<b>At 31 December 2020</b>	<b>78,235,198</b>	<b>216,110,276</b>	<b>7,497,733</b>	<b>25,612,966</b>	<b>327,456,173</b>
<b>Accumulated depreciation:</b>					
At 1 January 2019	45,080,200	54,626,307	-	-	99,706,507
Charge for the year (Note 29)	1,987,816	6,345,757	-	-	8,333,573
Impairment charges for the year	-	3,463	-	-	3,463
Reversal of impairment	-	(3,760)	-	-	(3,760)
Effect of foreign currency translation	-	(56,736)	-	-	(56,736)
Derecognition (Note iv)	(40,412)	(1,064,345)	-	-	(1,104,757)
At 31 December 2019	47,027,604	59,850,686	-	-	106,878,290
Reclassification / transfers	196,945	(196,721)	-	-	224
Additions through business combination (Note 37)	-	12,741,212	-	-	12,741,212
Charge for the year (Note 29)	3,009,054	6,670,604	-	-	9,679,658
Impairment charges for the year (Note v)	-	1,679,652	-	-	1,679,652
Effect of foreign currency translation	-	(408,987)	-	-	(408,987)
Derecognition (Note iv)	(2,963,546)	(1,836,097)	-	-	(4,799,643)
<b>At 31 December 2020</b>	<b>47,270,057</b>	<b>78,500,349</b>	<b>-</b>	<b>-</b>	<b>125,770,406</b>
<b>Net carrying amount:</b>					
At 31 December 2020	30,965,141	137,609,927	7,497,733	25,612,966	201,685,767
At 31 December 2019	31,579,037	127,295,243	3,938,593	23,943,069	186,755,942

**5(a). Property, plant and equipment (continued)***Notes:*

- (i) Included in property, plant and equipment is the Group's share of property, plant and equipment from its joint operations amounting to QR 76,075 million (2019: QR 72,784 million).
- (ii) In 2020, out of the net balance of QR 1,520 million (2019: QR 219 million), an amount of QR 130 million (2019: QR 173 million) pertains to the transfer to intangible assets (Note 6) and QR 43 million (2019: QR 3 million) pertains to the transfer to investment property (Note 5(c)).
- (iii) As at 31 December 2020, the cost of fully depreciated property, plant and equipment which are still in use amounted to QR 26 billion (2019: QR 29 billion).
- (iv) Out of the total amount derecognized during the year, the Group has written off assets aggregating to QR 810 million (2019: QR 9 million) (Note 28).
- (v) During the year, the Group has recorded an impairment of QR 1,680 million against property, plant and equipment of its subsidiaries, the details of which are as follows:

- Impairment in Qatar Steel Company Q.P.S.C. (Qatar Steel)

Due to continuous losses over past periods on sales made to international customers, Qatar Steel (the Group's subsidiary) made a reassessment of its business model. Based on the reassessment made, the Group concluded that the prices of steel in the export market are not expected to recover due to current COVID-19 pandemic and other economic factors, to the extent to which it will enable the Group to make profits on sales to international customers. Hence, the management of Qatar Steel decided to cease Qatar Steel's export sales and mothball one of Qatar Steel's production facilities until the prices of steel in international market improves to a sustainable position. Accordingly, Management assessed the impairment of property, plant and equipment during the current period which led to a full impairment of property, plant and equipment related to the mothballed production facility.

The Group reassessed the recoverable amount of a mothballed facility using the value-in-use method and recorded QR 1,225 million of impairment loss as a result of the impairment assessment.

- Impairment in Gulf International Services Q.P.S.C. (GIS)

Management of GIS has carried out an assessment of impairment of its aircraft and rigs in light of the external indicators, current economic conditions surrounding the oil prices and market rates of such assets. The Group considers each of its aircraft and drilling rig together with lift boat and accommodation barges as individual CGUs. Based on the assessment, recoverable amount of each CGU was found to be more than its carrying value except certain aircraft (Bell series) and rigs and accordingly, impairment loss of QR 308 million has been recognized in respect of aircraft and rigs.

The Group has used contractual cash flows in determining the value-in use of each CGU (aircraft and rigs) discounted using the weight average cost of capital (WACC) of 9.1% and 10% respectively.

- Impairment in Qatar Melamine Company Q.S.C.C. (QMC)

management recorded an impairment loss on QMC's property, plant and equipment amounting to QR 145 million based on an assessment of the recoverable amount using the value-in-use method. WACC used was 12% terminal value used was 5 times the 2024 forecasted earnings before income tax, depreciation and amortization, product price used was higher between independent market forecasted prices of Argus and IHS and material price used was average of Argus and IHS prices.



## 5(a). Property, plant and equipment (continued)

- Impairment in Qatar Fuel Company Q.P.S.C. (Woqod)

The management recorded an impairment of Woqod's property, plant and equipment amounting to QR 2 million during the year.

## 5(b). Right-of-use assets

	Land & buildings	Vehicles and mobile equipment	Vessels	Others	Total
<b>Costs:</b>					
At 1 January 2019	741,447	221,356	2,424,739	22,899	3,410,441
Additions (Note 22)	19,241	43,341	124,699	455,835	643,116
Reclassification / transfers / adjustments	(1,352)	(44,185)	-	(15,442)	(60,979)
Effect of foreign currency translation	-	-	-	(8,583)	(8,583)
At 31 December 2019	759,336	220,512	2,549,438	454,709	3,983,995
Additions (Note 22)	720,176	33,034	158,695	100,771	1,012,676
Additions through business combination (Note 37)	331,449	8,730	-	3,453	343,632
Reclassification / transfers / adjustments	(85,431)	(38,207)	-	(322,658)	(446,296)
Effect of foreign currency translation	-	-	-	(79,656)	(79,656)
<b>At 31 December 2020</b>	<b>1,725,530</b>	<b>224,069</b>	<b>2,708,133</b>	<b>156,619</b>	<b>4,814,351</b>
<b>Accumulated depreciation:</b>					
At 1 January 2019	192,893	63,390	333,920	7,834	598,037
Charge for the year (Note 29)	207,294	66,111	343,584	49,766	666,755
Effect of foreign currency translation	-	-	-	(613)	(613)
Reclassification / transfers / adjustments	(9,092)	(35,448)	-	(4,707)	(49,247)
At 31 December 2019	391,095	94,053	677,504	52,280	1,214,932
Charge for the year (Note 29)	177,215	67,737	400,778	53,279	699,009
Additions through business combination (Note 37)	196,110	8,279	-	1,511	205,900
Effect of foreign currency translation	-	-	-	(5,554)	(5,554)
Reclassification / transfers / adjustments	(8,751)	(5,590)	-	(47,706)	(62,047)
<b>At 31 December 2020</b>	<b>755,669</b>	<b>164,479</b>	<b>1,078,282</b>	<b>53,810</b>	<b>2,052,240</b>
<b>Net carrying amount:</b>					
<b>At 31 December 2020</b>	<b>969,861</b>	<b>59,590</b>	<b>1,629,851</b>	<b>102,809</b>	<b>2,762,111</b>
At 31 December 2019	368,241	126,459	1,871,934	402,429	2,769,063

## 5(c). Investment property

	2020	2019
<b>Costs:</b>		
At 1 January	1,040,613	1,025,610
Additions	-	12,134
Transfers (Note 5(a) ii)	43,269	2,869
At 31 December	<u>1,083,882</u>	<u>1,040,613</u>
<b>Accumulated depreciation:</b>		
At 1 January	154,341	119,384
Charge for the year (Note 29)	15,797	34,079
Impairment charges for the year	7,428	-
Transfers (Note 5(a) ii)	-	878
At 31 December	<u>177,566</u>	<u>154,341</u>
<b>Net carrying amount:</b>		
At 31 December	<u>906,316</u>	<u>886,272</u>

Investment property is carried at cost less accumulated depreciation and impairment losses, if any.

The fair value of the investment property as at 31 December 2020 was QR 1,585 million (2019: QR 1,512 million) based on a valuation carried out 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 fair value 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 fair value measurement for the investment property has been categorized as a Level 3 fair value based on the above inputs on the valuation technique used.

## 6. Intangible assets

	Software (Note i)	Data acquisition – cost for appraisal wells	Other intangible assets (Note ii)	Total
<b>Costs:</b>				
At 1 January 2019	738,619	2,408,825	2,593,765	5,741,209
Additions	-	-	1,841,639	1,841,639
Transfer from property, plant and equipment (Note 5(a) ii)	149,971	22,998	-	172,969
Derecognition	(3,725)	-	-	(3,725)
At 31 December 2019	884,865	2,431,823	4,435,404	7,752,092
Additions	2,533	-	73,486	76,019
Additions from business combination (Note 37)	-	-	10,400	10,400
Transfer from property, plant and equipment (Note 5(a) ii)	22,558	107,447	-	130,005
Effect of foreign currency translation	-	-	(852,762)	(852,762)
Derecognition / reclassification	(4,050)	(2,645)	2,645	(4,050)
At 31 December 2020	<b>905,906</b>	<b>2,536,625</b>	<b>3,669,173</b>	<b>7,111,704</b>
<b>Accumulated amortization:</b>				
At 1 January 2019	672,832	1,298,814	23,754	1,995,400
Charge for the year (Note 29)	39,756	314,273	681	354,710
Derecognition	(3,725)	-	-	(3,725)
At 31 December 2019	708,863	1,613,087	24,435	2,346,385
Charge for the year (Note 29)	66,106	265,548	1,183	332,837
Impairment charge	-	-	8,084	8,084
Derecognition / reclassification	(4,050)	(1,629)	1,629	(4,050)
At 31 December 2020	<b>770,919</b>	<b>1,877,006</b>	<b>35,331</b>	<b>2,683,256</b>
<b>Net carrying amount:</b>				
At 31 December 2020	<b>134,987</b>	<b>659,619</b>	<b>3,633,842</b>	<b>4,428,448</b>
At 31 December 2019	<b>176,002</b>	<b>818,736</b>	<b>4,410,969</b>	<b>5,405,707</b>

- i. This represents computer software which is not an integral part of hardware and is amortised over the useful life of 4 to 5 years.
- ii. These include licenses in offshore blocks in various countries amounting to QR 3,323 million (2019: QR 4,334 million) through the Group's joint operations.

## 7. Investments in associates

	At 1 January	Disposals- net)	Share in profits - net	Dividends	Other adjustments	At 31 December
2020	<u>6,935,277</u>	<u>(43,054)</u>	<u>311,132</u>	<u>(232,253)</u>	<u>(1,546,792)</u>	<u>5,424,310</u>
2019	<u>7,582,086</u>	<u>(793,470)</u>	<u>473,324</u>	<u>(215,430)</u>	<u>(111,233)</u>	<u>6,935,277</u>

## 8. Investments in joint ventures

	1 January	Additions - net	Share in profits - net	Dividends	Other adjustments	31 December
2020	<u>101,316,265</u>	<u>7,027,099</u>	<u>19,448,196</u>	<u>(21,775,604)</u>	<u>(9,944,328)</u>	<u>96,071,628</u>
2019 (Restated)	<u>91,844,410</u>	<u>9,774,884</u>	<u>40,161,509</u>	<u>(38,472,572)</u>	<u>(1,991,966)</u>	<u>101,316,265</u>



## 9. Other investments

	2020	2019
<i>Non-current assets</i>		
Financial assets at FVOCI (Note a)	4,740,613	4,697,153
Financial assets at amortised cost	<u>1,330,117</u>	<u>1,467,746</u>
	<u>6,070,730</u>	<u>6,164,899</u>
<i>Current assets</i>		
Financial assets at FVTPL (Note b)	<u>706,391</u>	<u>676,608</u>

## a. Financial assets at FVOCI

The carrying amounts of the Group's financial assets at FVOCI are as follows:

	2020	2019
Quoted equity instruments	4,392,257	4,333,620
Quoted debt instruments	291,252	302,434
Quoted managed funds	55,601	59,597
Unquoted equity instruments	<u>1,503</u>	<u>1,502</u>
	<u>4,740,613</u>	<u>4,697,153</u>

The movement during the year was as follows:

	2020	2019
As at 1 January	4,697,153	4,841,292
Additions during the year	1,792,681	1,210,309
Disposals during the year	(2,070,920)	(1,168,463)
Reclassification	-	29,211
Fair value changes during the year	453,751	(215,196)
Other adjustments	<u>(132,052)</u>	<u>-</u>
<b>As at 31 December</b>	<u>4,740,613</u>	<u>4,697,153</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## b. Financial assets at FVTPL

These represent financial assets which are acquired and incurred principally for the purpose of selling or repurchasing in the near term or to take advantage of short-term market movements. Details are as follows:

	2020	2019
Quoted equity instruments	581,635	430,655
Quoted debt instruments	<u>124,756</u>	<u>245,953</u>
	<u>706,391</u>	<u>676,608</u>

**9. Other investments (continued)****b. Financial assets at FVTPL (continued)**

The movement during the year was as follows:

	2020	2019
As at 1 January	676,608	679,852
Acquisition during the year	446,438	122,331
Disposals during the year	(430,763)	(99,517)
Reclassification	-	(13,209)
Net movement in fair value during the year (Note 27 & 28)	32,862	(12,849)
Other adjustments	(18,754)	-
As at 31 December	<u>706,391</u>	<u>676,608</u>

**10. Other non-current assets**

	2020	2019
Loans and advances to related parties (Note 16(a))	738,439	1,587,138
Lease receivables (Note a)	1,130,714	1,023,252
Projects under development (Note b)	6,515,465	3,158,971
Catalysts	217,776	87,677
Deferred tax asset (Note c)	756,646	462,238
Recoverable injected gas (Note d)	1,225,046	-
Other non-current assets	18,037	72,985
	<u>10,602,123</u>	<u>6,392,261</u>

**a. Lease receivables**

These lease receivables relate to plots of land in Ras Laffan and Mesaieed leased out under operating leases to various parties by the Group based on non-cancellable lease agreements for a term ranging from 10 to 40 years. Lease payments received under these operating leases are recognized on a straight-line-basis over the lease term resulting in long term lease receivables.

	2020	2019
Later than one year and not later than five years	149,595	216,168
Later than five years	981,119	807,084
	<u>1,130,714</u>	<u>1,023,252</u>

**b. Projects under development**

Projects under development represent cash advances made by the Group to meet project expenses that will subsequently be capitalized.

The movement of projects under development during the year was as follows:

	2020	2019
As at 1 January	3,158,971	559,443
Project costs paid during the year	5,161,531	2,744,133
Transfer to property, plant and equipment	(1,693,241)	-
Transfer to investments in joint ventures	(111,796)	-
Write off	-	(144,605)
As at 31 December	<u>6,515,465</u>	<u>3,158,971</u>

**10. Other non-current assets (continued)****c. Deferred tax asset**

Deferred tax asset represents asset recognized on carried forward tax losses of QR 382 million (2019: QR 391 million) and other deductible temporary differences of QR 375 million (2019: QR 71 million) and pertains to an overseas subsidiary of the Group.

**d. Recoverable injected gas**

This represents amounts incurred on the excess quantities of gas injected in Khuff reservoir which have been produced internally or purchased from third parties. Management assessed that these injected quantities of gas can be extractable in long term future. Accordingly, the cost incurred on injected quantities of gas has been capitalized to the extent of extractable gas quantities.

**11. Assets held for sale**

In 2017, the Group has classified its investment in a joint venture as held for sale as the management decided to dispose the investment. The delay to sell these assets from 2017 to date was caused by circumstances beyond the Group's control. However, the Group is currently engaged in discussion with a potential buyer.

Carrying values of assets classified as held for sale as of the reporting date amounted to QR 74.16 million (2019: QR 75.31 million).

**Discontinued operations**

The loss from discontinued operations during the year amounted to QR 1.1 million (2019: profit of QR 12.18 million) and is attributable entirely to the owner of the Corporation.

There is no cumulative income or expense included in other comprehensive income relating to the assets held for sale. The Group has no cash flows from its discontinued operations during the year.

**12. Inventories**

	2020	2019
Crude oil, gas and refined products	565,666	680,066
Steel and other related products	452,355	967,901
Maintenance and other materials	4,570,687	3,801,544
	<u>5,588,708</u>	<u>5,449,511</u>
Less: Provision for obsolescence	<u>(583,684)</u>	<u>(468,893)</u>
	<u>5,005,024</u>	<u>4,980,618</u>

Movement in the provision for obsolescence was as follows:

	2020	2019
As at 1 January	468,893	402,190
Provision during the year (Note 28)	22,694	66,703
Additional provision from business combination	92,097	-
As at 31 December	<u>583,684</u>	<u>468,893</u>

**13. Amounts due from Government of Qatar**

Represents the outstanding balances receivable from the Ministry of Finance of the Government of Qatar at the year end. None of the balances with the Ministry of Finance at the end of the reporting period are past due and taking into account the current credit ratings of the Ministry, the Group's management has assessed that there is no impairment, and hence has not recorded any loss allowances on these balances.

Refer Note 16 (e) for further details.

## 14. Accounts receivables and prepayments

	2020	2019 (Restated)
Due from related parties (Note 16(b))	5,046,690	4,873,963
Trade and insurance receivables (Note a)	8,997,398	9,510,689
Reinsurance contract assets (Note c)	806,130	929,964
Loans to employees (Note b)	443,972	450,304
Advances to vendors	1,316,873	537,640
Prepayments and other debit balances	382,578	477,872
Contract assets	753,754	57,173
Loans and advances to related parties (Note 16(a))	542,633	589,120
Other receivables	356,379	531,501
Other current assets	106,362	22,138
	<u>18,752,769</u>	<u>17,980,364</u>
Less: Loss allowance (i)	<u>(501,074)</u>	<u>(342,645)</u>
	<u>18,251,695</u>	<u>17,637,719</u>

(i) The breakup of loss allowance is as follows.

	2020	2019
Trade and insurance receivables (Note 14(a))	369,550	211,761
Due from related parties (Note 16(b))	88,881	87,884
Loans to employees (Note 14(b))	42,643	43,000
	<u>501,074</u>	<u>342,645</u>

## a. Trade and insurance receivables

	2020	2019
Trade receivables	8,997,398	9,510,689
Loss allowance	<u>(369,550)</u>	<u>(211,761)</u>
	<u>8,627,848</u>	<u>9,298,928</u>

The average credit period on sales of goods is thirty (30) days to ninety (90) days. No interest is charged on the trade receivables due. The Group does not hold any collateral over these balances.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. During the year, the Group has recognised a loss allowance of QR 158 million (2019: reversed a loss allowance of QR 200 million) against trade receivables (Note 30).

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.



## 14. Accounts receivables and prepayments (continued)

## a. Trade receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As QP's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

31 December 2020	Trade receivables – days past due					Total
	Not past due	0 – 30 days	30 – 60 days	60 – 120 days	> 120 days	
Gross carrying amount	4,719,113	682,534	520,321	755,407	2,320,023	8,997,398

31 December 2019	Trade receivables – days past due					Total
	Not past due	0 – 30 days	30 – 60 days	60 – 120 days	> 120 days	
Gross carrying amount	6,455,572	561,852	105,794	355,453	2,032,018	9,510,689

As at the reporting date, the expected credit loss rate ranged from 0% - 11.70% (2019: 0% - 7.70%) resulting in a lifetime ECL of QR 370 million (2019: QR 212 million).

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the requirements set out in IFRS 9.

	2020	2019
As at 1 January	211,761	411,752
Expected credit loss allowance remeasured during the year (Note 30)	157,789	(199,991)
As at 31 December	369,550	211,761

## b. Loans to employees

	2020	2019
Loans to employees	443,972	450,304
Loss allowance	(42,643)	(43,000)
	401,329	407,304

The following table shows the movement in lifetime ECL that has been recognised for loans to employees in accordance with the requirements set out in IFRS 9.

	2020	2019
As at 1 January	43,000	42,653
Expected credit loss allowance remeasured during the year (Note 30)	(357)	347
As at 31 December	42,643	43,000

## 14. Accounts receivables and prepayments (continued)

## c. Reinsurance contract (assets) and liabilities

Reinsurance share of outstanding claims are as follows:

	2020			2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
As at 1 January						
Reported claims	847,872	(687,716)	160,156	545,742	(406,915)	138,827
Unearned premiums	214,390	(129,816)	84,574	155,837	(74,615)	81,222
IBNR and other technical reserves	254,980	(112,432)	142,548	242,683	(111,036)	131,647
	<b>1,317,242</b>	<b>(929,964)</b>	<b>387,278</b>	<b>944,262</b>	<b>(592,566)</b>	<b>351,696</b>

Movement during the year was as follows:

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reported claims	(261,520)	263,404	1,884	302,130	(280,801)	21,329
Unearned premiums	53,298	(24,392)	28,906	58,553	(55,201)	3,352
IBNR and other technical reserves	119,632	(115,178)	4,454	12,297	(1,396)	10,901
	<b>(88,590)</b>	<b>123,834</b>	<b>35,244</b>	<b>372,980</b>	<b>(337,398)</b>	<b>35,582</b>

	2020			2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
As at 31 December						
Reported claims	586,352	(424,312)	162,040	847,872	(687,716)	160,156
Unearned premiums	267,688	(154,208)	113,480	214,390	(129,816)	84,574
IBNR and other technical reserves	374,612	(227,610)	147,002	254,980	(112,432)	142,548
	<b>1,228,652</b>	<b>(806,130)</b>	<b>422,522</b>	<b>1,317,242</b>	<b>(929,964)</b>	<b>387,278</b>

## 15. Cash and cash equivalents

	2020	2019
Cash at banks and on hand	11,971,400	18,895,797
Short-term deposits	20,518,691	40,275,573
Total cash and bank balances	32,490,091	59,171,370
Less: Loss allowance	(1,001)	(2,350)
Cash and bank balances as per summary consolidated statement of financial position	32,489,090	59,169,020
Less: Term deposits maturing after ninety (90) days	(8,089,258)	(10,257,342)
Less: Restricted cash (Note i)	(514,367)	(435,879)
Add: Loss allowance	1,001	2,350
Cash and cash equivalents as per summary consolidated statement of cash flows	<b>23,886,466</b>	<b>48,478,149</b>

- i. As at 31 December 2020, certain cash balances and deposits amounting to QR 514 million (2019: QR 436 million) have been set aside for meeting the other liabilities and commitments.

**15. Cash and cash equivalents (continued)**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods between one day and six months depending on the immediate cash requirements of the respective Group entities at average interest rates of 0.30% to 3.75% (2019: 1.98% to 5.19%).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed and recorded minimal impairment on these balances.

**16. Related party balances and transactions**

Related parties represent associated companies, the shareholder, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

**(a) Loans and advances to related parties**

	2020	2019
<i>Associates and joint ventures of the Group</i>		
Total gross receivable	3,844,276	4,213,677
Less: Loss allowance (Note 36)	<u>(2,563,204)</u>	<u>(2,037,419)</u>
Net receivable	<u>1,281,072</u>	<u>2,176,258</u>
	2020	2019
<i>Classified as below:</i>		
Non-current asset (Note 10)	738,439	1,587,138
Current asset (Note 14)	<u>542,633</u>	<u>589,120</u>
	<u>1,281,072</u>	<u>2,176,258</u>

**(b) Due from related parties**

	2020	2019
Amount due from Joint ventures and associates	3,374,167	3,998,858
Others	<u>1,672,523</u>	<u>875,105</u>
Total (Note 14)	5,046,690	4,873,963
Loss allowance	<u>(88,881)</u>	<u>(87,884)</u>
Net	<u>4,957,809</u>	<u>4,786,079</u>

Due from related parties are unsecured and non-interest bearing. These are collectible within the Group's normal credit term.

For the purpose of impairment assessment, the loss allowance is measured at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on due from related parties are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As at the reporting date, the expected credit loss rate ranged from 0% - 6% (2019: 0% - 5.80%) resulting in a lifetime ECL of QR 89 million (2019: QR 88 million) against due from related parties.

**16. Related party balances and transactions (continued)****(b) Due from related parties (continued)**

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the requirements set out in IFRS 9.

	2020	2019
<b>As at 1 January</b>	<b>87,884</b>	64,842
Expected credit loss allowance recognized during the year (Note 30)	<u>997</u>	<u>23,042</u>
<b>As at 31 December</b>	<b><u>88,881</u></b>	<b><u>87,884</u></b>

**(c) Due to related parties**

	2020	2019
Due to Joint ventures	<b>9,846,467</b>	17,819,900
Others	<u>542,663</u>	<u>957,095</u>
	<b><u>10,389,130</u></b>	<b><u>18,776,995</u></b>

- i. These amounts mainly represent amounts received from the joint ventures under 'Acceptable Credit Support' agreement. This non-interest bearing amount is repayable within three to five business days upon demand.
- ii. Due to related parties are unsecured and non-interest bearing. These are payable within the normal terms and operations of the Group.

**(d) Related party transactions**

	2020	2019
<b>Operating income</b>		
From Joint ventures	<b>10,914,235</b>	18,400,201
Others	<u>9,575,752</u>	<u>10,639,407</u>
	<b><u>20,489,987</u></b>	<b><u>29,039,608</u></b>
<b>Purchases</b>		
From Joint ventures	<b>4,843,636</b>	10,938,535
Others	<u>2,321,389</u>	<u>2,211,143</u>
	<b><u>7,165,025</u></b>	<b><u>13,149,678</u></b>
<b>Dividends received from joint ventures (Note 8)</b>	<b><u>21,775,604</u></b>	<b><u>38,472,572</u></b>
<b>Dividends received from associates (Note 7)</b>	<b><u>232,253</u></b>	<b><u>215,430</u></b>



**16. Related party balances and transactions (continued)****(e) Balance and transactions with the Ministry of Finance (where MOF acts on behalf of Government of Qatar)**

	2020	2019
Balance at 1 January	56,732,125	101,801,443
Movement for the year	<u>(18,928,555)</u>	<u>(45,069,318)</u>
Balance at 31 December	<u>37,803,570</u>	<u>56,732,125</u>

Movement significantly includes cash transfers on account of: (i) royalties payable by QP; (ii) taxes payable by QP; (iii) royalties payable by QP's joint ventures and (iv) dividends payable by QP. In addition, there are monthly payments made by customers in respect of revenues derived from the export of crude oil and other regulated products where QP is the producing entity, and such payments are made directly to the Ministry of Finance. Any overpayment or underpayment is recorded as amounts due from or due to Ministry of Finance.

**(f) Key management personnel's remuneration**

The remuneration of the directors of the Group and other key management personnel in the Group entities is set out below:

	2020	2019
Remuneration and other benefits	<u>117,488</u>	<u>119,012</u>

QP is owned by the Supreme Council for Economic Affairs and Investment of the State of Qatar ("Government") and accordingly all government related entities i.e. the entities which are under the control, joint control or significant influence of the Government are related parties of the Group. The Group has claimed the partial exemption available under IAS 24 for not disclosing related party balances and transactions with Government related entities. For the year ended 31 December 2020, 29.08% (2019: 26.42%) of total sales are made to two government-related entities, other than those which are disclosed in Note 16 (d). Further, 31.19% (2019: 31.50%) out of trade receivables are related to two government-related entities, other than those which are disclosed in Note 16 (b). Management has determined that all other transactions and balances with Government related entities (other than those disclosed above) are not significant individually or collectively.

**17. Capital**

	2020	2019
Authorised and fully paid capital	<u>100,000,000</u>	<u>100,000,000</u>

**18. General reserve**

During the year, the Board of Directors in their meeting held on 21 April 2020 approved an additional transfer of QR 75,500 million to general reserve from retained earnings.

**19. Other reserves**

This account includes the following:

	2020	2019
Employee benefit reserve (i)	(687,567)	(583,648)
Fair value reserve (ii)	2,448,180	2,113,290
Hedging reserve (iii)	(983,369)	(821,048)
Foreign currency translation reserve (iv)	(1,553,824)	(1,581,753)
Legal and other reserves from subsidiaries	610,479	603,878
	<u>(166,101)</u>	<u>(269,281)</u>

**(i) Employee benefit reserve**

	2020	2019
At 1 January	(583,648)	(439,177)
Share of movement in employee benefits reserve during the year:		
From the Parent	(92,755)	(191,553)
From Joint ventures	(19,411)	(9,630)
	<u>(112,166)</u>	<u>(201,183)</u>
Less: share attributable to non-controlling interests	8,247	4,826
Other movements during the year	-	51,886
At 31 December	<u>(687,567)</u>	<u>(583,648)</u>

**(ii) Fair value reserve**

	2020	2019
At 1 January	2,113,290	2,419,345
Share of movement in fair value reserve during the year:		
From the Parent and subsidiaries	437,928	(224,782)
From associates	(8,894)	(17,537)
	<u>429,034</u>	<u>(242,319)</u>
Less: share attributable to non-controlling interests	(65,751)	(65,431)
Other movements during the year	(28,393)	1,695
At 31 December	<u>2,448,180</u>	<u>2,113,290</u>

**(iii) Hedging reserve**

	2020	2019
At 1 January	(821,048)	(502,100)
Share of movement in hedging reserve during the year:		
From the Parent and subsidiaries	(99,062)	(127,776)
From Joint ventures	3,643	(168,026)
From associates	(68,193)	(14,504)
	<u>(163,612)</u>	<u>(310,306)</u>
Less: share attributable to non-controlling interests	1,291	2,664
Other movements during the year	-	(11,306)
At 31 December	<u>(983,369)</u>	<u>(821,048)</u>

## 19. Other reserves (continued)

## (iv) Foreign currency translation reserve

	2020	2019
At 1 January	(1,581,753)	(1,659,573)
Share of movement in foreign currency translation reserve during the year:		
From the Parent and subsidiaries	(185,820)	(34,722)
From Joint ventures	201,029	97,108
From associates	-	(2,679)
	<u>15,209</u>	<u>59,707</u>
Less: share attributable to non-controlling interests	12,720	68
Other movements during the year	-	18,045
At 31 December	<u>(1,553,824)</u>	<u>(1,581,753)</u>

## 20. Loans and bonds

This account includes the following:

	Current		Non-current	
	2020	2019	2020	2019
Interest bearing loans	769,842	825,212	3,702,263	3,862,016
Bond	-	-	3,076,150	2,901,900
	<u>769,842</u>	<u>825,212</u>	<u>6,778,413</u>	<u>6,763,916</u>

## Interest bearing loans

	2020	2019
Loans related to drilling segment (i)	4,310,020	4,439,577
Loans related to aviation segment (ii)	46,386	84,357
Syndicated Murabaha facility (iii)	99,840	180,267
Others	26,715	-
	<u>4,482,961</u>	<u>4,704,201</u>
Less: unamortized finance cost associated with raising finance	(10,856)	(16,973)
	<u>4,472,105</u>	<u>4,687,228</u>

- i.) These borrowings are related to the Group's subsidiary, Gulf Drilling International (Qatari Private Shareholding Company) ("GDI"). GDI has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.70% (2019: LIBOR plus 1.35% - 2.70%). Most of these loans are to be repaid in quarterly installments. The loans obtained by GDI are unsecured.

Further, loan balances of GDI also consist of a Master Murabaha facility agreement of US\$ 925 million with a local Islamic Bank. The proceeds of the facility were utilized on general corporate purposes and the settlement or refinancing of various outstanding loan facilities. The loan is unsecured and has an effective interest of LIBOR plus 2.70%, and repayable in lump sum upon maturity on 31 December 2023. GDI has drawn down US\$ 669.5 million from this facility as of 31 December 2020 (2019: US\$ 533 million).

- ii.) These borrowings are related to the Group's subsidiary, Gulf Helicopters Company (Qatari Private Shareholding Company) ("GHC"). GHC has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.75% (2019: LIBOR plus 1.35% - 2.75%). The loans are to be repaid in quarterly installments. The loans obtained are unsecured and do not have any financial covenants.

**20. Loans and bonds (continued)****Interest bearing loans (continued)**

- iii.) On 20 April 2014, the Group obtained syndicated Murabaha facility of US\$ 80 million from a local Islamic Bank to finance the acquisition of the additional 30% shares of GDI. The effective profit rate is 6 months LIBOR plus 1.45% (2019: LIBOR plus 1.45%). The loan is repayable in 15 semi-annual instalments commencing from April 2015 and is unsecured.

Further, the Group obtained a loan of US\$ 80 million from a local commercial bank to further finance the acquisition of the additional 30% of GDI. The effective interest rate is 6 months LIBOR plus 1.45% (2019: 6 months LIBOR plus 1.45%). The loan is repayable in 14 semi-annual installments starting from April 2015 and is unsecured.

**Bond**

On 17 August 2012, the Group issued a bond amounting to JPY 85 billion through a private placement. The bond bears interest at a fixed rate of 1.14% per annum payable semi-annually in arrears on February and August. The bond matures on 17 August 2022. The bond is direct, unconditional, unsecured and unsubordinated and rank equally with other outstanding unsecured and unsubordinated indebtedness of the Group.

The Group's exposure to JPY from the bond was swapped to USD at the time of the bond issuance by entering in cross currency swaps with various highly rated counterparties. As a result of the swaps, the Group pays a fixed rate of 3.3758% per annum payable semi-annually in arrears in February and August. The hedge relationship is treated as a cash flow hedge. The fair value change in the cross currency swap was recognised in the consolidated statement of profit and loss and other comprehensive income as hedge reserve. The value of foreign currency swap as at 31 December 2020 amounted to QR 1,042 million (2019: QR 1,118 million).

Movement of the bond during the year was as follow:

	<b>2020</b>	2019
At 1 January	<b>2,901,900</b>	2,856,850
Revaluation of bond value during the year	<b>174,250</b>	45,050
At 31 December	<b><u>3,076,150</u></b>	<u>2,901,900</u>

Movement of foreign currency swap was as follows:

	<b>2020</b>	2019
At 1 January	<b>1,117,607</b>	1,034,881
Revaluation of hedging instrument during the year	<b>(75,189)</b>	82,726
At 31 December (Note 24)	<b><u>1,042,418</u></b>	<u>1,117,607</u>

The movement in fair value of cash flow hedges was as follows:

	<b>2020</b>	2019
Fair value changes included in equity at 1 January	<b>(115,406)</b>	12,370
Fair value change in the hedging instrument	<b>75,189</b>	(82,726)
Adjustments for hedged item	<b>(174,250)</b>	(45,050)
Fair value changes included in equity at 31 December	<b><u>(214,467)</u></b>	<u>(115,406)</u>

Under the Group's foreign exchange management policy, the Group hedges foreign exchange risk on the bond by using cross currency swaps.



**21. Employee benefits**

	2020	2019
Qatari pension scheme	1,838,159	1,878,712
Employees' end of service benefits	<u>3,535,289</u>	<u>3,125,894</u>
	<u><b>5,373,448</b></u>	<u><b>5,004,606</b></u>

The Group has two defined benefit plans as follows:

***Qatari pension scheme***

The Group has an unfunded scheme i.e. "Qatari pension scheme", where the present value of the defined benefit obligation is backed by a liability.

The Employee's Pension Scheme covers all pensioners and their dependents who retired from the services of Qatar Petroleum before the implementation of Qatari Pension Law No. 24 of 2002.

For pensioners, the monthly pension amount is calculated in accordance with the pension rules applicable before the implementation of Qatari Pension Law No. 24 of 2002. The benefits were on the basis of final salary by considering the length of service.

The pension benefits in respect to the dependents of the deceased pensioner are paid in accordance to the Qatar Labor Law.

The most recent actuarial valuation of the defined benefit plans was carried out at 31 December 2020 by an independent consultant appointed by the management.

***Employees' end of service benefits***

Employees' end of services benefits represents terminal gratuities and are provided for services rendered in accordance with entitlements stipulated in the employees' contract, QP's policy and/or Qatar Labor Law number 14 of 2004. This plan is for all permanent employees including Qatari and non-Qatari employees. The Group has measured the liability through an independent consultant using actuarial valuations as at 31 December 2020.

The present value of the defined benefit obligation, and the related cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	<b>Employees' end of service benefits</b>		<b>Qatari pension scheme</b>	
	2020	2019	2020	2019
Discount rate	1.93% - 4.25%	4.5 – 4.6 %	4.25%	4.5%
Salary increase rate	2.0%-4.75%	3.5 – 6.0 %	-	-
Plan duration	10.5	11.05	9.02	9.39
Mortality in service	Swiss EVK 2000	Swiss EVK 2000	Swiss EVK 2000 adjusted	Swiss EVK 2000 adjusted
Normal retirement age	60 years	60 years	N/A	N/A

## 21. Employee benefits (continued)

Movements in the present value of the unfunded defined benefit obligation were as follows:

	Employees' end of service benefits		Qatari pension scheme	
	2020	2019	2020	2019
As at 1 January	3,125,894	2,879,276	1,878,712	1,856,388
Current service cost	398,286	349,796	-	-
Interest cost	116,945	106,561	80,878	79,595
Benefits paid	(434,808)	(288,208)	(166,506)	(170,081)
Addition from business combination (Note 37)	292,330	-	-	-
Reclassified to other payables / related parties' balances	(11,038)	(274)	-	-
Actuarial loss charged to other comprehensive income	47,680	78,743	45,075	112,810
As at 31 December	<u>3,535,289</u>	<u>3,125,894</u>	<u>1,838,159</u>	<u>1,878,712</u>

Charge to profit or loss on account of unfunded defined benefit obligation was as follows:

	Employees' end of service benefits		Qatari pension scheme	
	2020	2019	2020	2019
Current service cost	398,286	349,796	-	-
Interest cost	116,945	106,561	80,878	79,595
For the year	<u>515,231</u>	<u>456,357</u>	<u>80,878</u>	<u>79,595</u>

Charge to other comprehensive income on account of unfunded defined benefit obligation was as follows:

	Employees' end of service benefits		Qatari pension scheme	
	2020	2019	2020	2019
Actuarial (gain) / loss arising from				
- Demographic assumptions	-	-	-	(22,450)
- Financial assumptions	73,084	-	39,563	-
- Experience adjustments	(25,404)	78,743	5,512	135,260
For the year	<u>47,680</u>	<u>78,743</u>	<u>45,075</u>	<u>112,810</u>

Significant actuarial assumptions for the determination of the defined obligation are the discount rate, pension growth rate and salary growth rate. The sensitivity analysis below has been determined based on reasonable possible change of the respective assumptions occurring at the end of the reporting period, while keeping all other assumptions constant.

	Employees' end of service benefits		Qatari pension scheme	
	2020	(Decrease) / increase in liability 2019	2020	2019
Discount rate (+0.5%)	(143,242)	(130,698)	(77,203)	(78,906)
Discount rate (-0.5%)	154,935	141,590	84,555	84,542
Pension increase rate (+0.5%)	-	-	86,394	88,300
Salary increase rate (+0.5%)	163,705	152,481	-	-
Salary increase rate (-0.5%)	(152,012)	(141,590)	-	-

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

**22. Lease liabilities**

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2020	2019
Current liabilities	724,714	618,530
Non-current liabilities	<u>2,261,878</u>	<u>2,162,735</u>
	<u>2,986,592</u>	<u>2,781,265</u>

The movement in lease liabilities during the year was as follows:

	2020	2019
As at 1 January	2,781,265	2,804,868
Liabilities recognized during the year (Note 5(b))	1,012,676	643,116
Finance charges on lease liabilities (Note 31)	130,993	149,298
Additions from business combination (Note 37)	231,628	-
Payments made	(654,041)	(816,017)
Derecognition and other adjustments	<u>(515,929)</u>	<u>-</u>
As at 31 December	<u>2,986,592</u>	<u>2,781,265</u>

**23. Deferred income**

	2020	2019
Deferred income	<u>1,089,356</u>	<u>774,887</u>

*Classified as below:*

Current liabilities	51,406	45,541
Non-current liabilities	<u>1,037,950</u>	<u>729,346</u>
	<u>1,089,356</u>	<u>774,887</u>

**24. Other non-current liabilities**

	2020	2019
Foreign currency swap (Note 20)	1,042,418	1,117,607
Decommissioning provision (Note a)	1,832,989	606,203
Deferred tax liability (Note b and 32)	185,370	152,934
Contract liabilities	<u>306</u>	<u>5,742</u>
	<u>3,061,083</u>	<u>1,882,486</u>

**a. Decommissioning provision**

Movement of the decommissioning provision during the year was as follows:

	2020	2019
As at 1 January	606,203	561,070
Unwinding of discount (Note 31)	66,392	-
Provision recognized during the year	1,091,615	22,490
Effect of foreign currency exchange differences	(41,595)	(5,934)
Change in estimate during the year	<u>110,374</u>	<u>28,577</u>
As at 31 December	<u>1,832,989</u>	<u>606,203</u>

**b. Deferred tax liability**

Deferred tax liability mainly represents taxable temporary differences on account of difference in the method of depreciation of assets for tax and accounting purposes.

**25. Accounts payables and accruals**

	2020	2019
Trade creditors (Note a)	5,027,100	5,662,833
Accrued liabilities	1,246,239	1,080,633
Advance from customers	103,492	125,052
Financial guarantees (Note b)	400,000	389,000
Due to related parties (Note 16(c))	10,389,130	18,776,995
Contract liabilities	169,055	105,164
Reinsurance premium payables	163,925	389,699
Taxes payable	4,658	88,220
Other payables	2,142,964	1,710,519
	<u>19,646,563</u>	<u>28,328,115</u>

- a. Trade creditors include balances owed to suppliers relating to goods received and services incurred as at the reporting date wherein invoices were not yet received.
- b. This represents the provisions on financial guarantees given to lenders of one of the Group's associates. As per the terms of the financial guarantee agreement, the maximum exposure of the Group is QR 489 million (2019: QR 489 million) upon which QR 400 million (2019: QR 389 million) is recognised as a liability.

**26. Revenue**

Revenue of the Group consists of the following:

	2020	2019
Revenue from contracts with customers (Note a)	75,461,246	107,501,663
Revenue from insurance contracts (Note b)	981,239	829,945
	<u>76,442,485</u>	<u>108,331,608</u>

**a. Revenue from contracts with customers**

	2020	2019
Crude oil	13,633,756	22,443,816
Condensate	10,579,213	16,938,035
Natural gas	22,709,581	28,660,879
Refined products	19,454,540	31,536,372
Steel products	2,994,713	5,095,823
Fertilizers	3,718,267	-
Petrochemicals	448,024	517,890
Services	1,091,819	1,186,276
Others	831,333	1,122,572
	<u>75,461,246</u>	<u>107,501,663</u>

	2020	2019
<b>Disaggregation of revenue – over time</b>		
Natural gas	22,709,581	28,660,879
Condensate	10,579,213	16,938,035
Services	694,793	848,362
	<u>33,983,587</u>	<u>46,447,276</u>



## 26. Revenue (continued)

	2020	2019
<b>Disaggregation of revenue – at a point in time</b>		
Crude oil	13,633,756	22,443,816
Refined products	19,454,540	31,536,372
Steel products	2,994,713	5,095,823
Fertilizers	3,718,267	-
Petrochemicals	448,024	517,890
Services	397,026	337,914
Others	831,333	1,122,572
	<u>41,477,659</u>	<u>61,054,387</u>
	<u>75,461,246</u>	<u>107,501,663</u>

The analysis of sales between domestic and export customers is as follows:

	2020	2019
Domestic sales	33,555,374	50,571,686
Export sales (i & ii)	41,905,872	56,929,977
	<u>75,461,246</u>	<u>107,501,663</u>

- (i) This includes export sales made through Qatar Petroleum for the Sale of Petroleum Products Company Limited ("QPSP") which has been setup exclusively for the marketing and selling of Regulated Products outside the State of Qatar.
- (ii) This also includes export sales made through Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. ("Muntajat"). Pursuant to Decree Law 11 of 2012 of the State of Qatar, Muntajat was established in the year 2012 to carry out marketing and distribution activities of all steel products and regulated chemical and petrochemical products.

## b. Revenue from insurance contracts

	2020	2019
Gross insurance revenue	<u>981,239</u>	<u>829,945</u>

The details of gross insurance revenue are as follows:

	2020	2019
Gross premium	1,032,548	890,788
Movement in unearned premium, gross	(53,298)	(58,553)
Net commission income / (expense)	1,989	(2,290)
	<u>981,239</u>	<u>829,945</u>

The details of retained premiums and earned premium are as follows:

## 2020

	Gross	Reinsurance	Net
Written premiums	1,032,548	(593,088)	439,460
Change in unearned premiums	(53,298)	24,392	(28,906)
	<u>979,250</u>	<u>(568,696)</u>	<u>410,554</u>

## 2019

	Gross	Reinsurance	Net
Written premiums	890,788	(486,680)	404,108
Change in unearned premiums	(58,553)	55,201	(3,352)
	<u>832,235</u>	<u>(431,479)</u>	<u>400,756</u>

## 27. Other income

	2020	2019
Recoveries	1,551,948	1,696,209
Fair value gain on business combination (Note 37)	1,303,286	-
Rental income	966,442	735,406
Berthing fees	435,627	406,332
Terminal charges	387,325	402,196
Government grant (i)	176,653	267,340
Bargain purchase gain (Note 37)	106,808	-
Fair value gain in FVTPL investments (Note 9(b))	32,862	-
Other income	3,161,043	2,555,609
	<u>8,121,994</u>	<u>6,063,092</u>

- i. Government grant relates to the sale of refined products to Woqod at a subsidized price of which the loss has been covered by the Government (Note 16(e)). Income from grant is recognised on sale of refined products to Woqod as there are no other conditions attached to the grant.

## 28. Operating, selling and administrative expenses

	2020	2019
Direct costs	20,014,799	31,879,100
Taxes paid on behalf (Note a)	4,212,768	9,599,666
Royalties (Note b)	4,754,623	6,762,940
Net impairments losses (Note c)	3,958,554	2,112,499
Salaries and related costs (Note d)	8,518,582	7,326,684
Foreign exchange loss	1,032,980	40,880
Write-off of property, plant and equipment (Note 5(a) iv)	809,858	8,544
Provision for inventory obsolescence (Note 12)	22,694	66,703
Write off of project preliminary costs and pre-incorporation expenses	-	35,734
Fair value loss in FVTPL investments (Note 9(b))	-	12,849
Other expenses	954,125	765,961
	<u>44,278,983</u>	<u>58,611,560</u>

- (a) Included in the taxes paid on behalf for the year is an amount of QR 1,364 million (2019: QR 4,343 million) pertaining to tax on the income of certain joint venture companies, and tax charged on the income of operators who are parties to certain Production Sharing Agreements amounting to QR 2,849 million (2019: QR 5,257 million). This tax obligation has been assumed by QP on behalf of the joint venture companies and the operators in relation to Production Sharing Agreements.

- (b) Royalties due to the Ministry of Finance (as Government) amounting to QR 4,718 million (2019: QR 6,666 million) are derived from oil and gas export sales, primarily on an ad-valorem basis depending upon the earnings type and resources. Royalties are applied at a rate of 20% on crude oil and refined product exports, and at a rate of 12.5% on gas product exports, including condensates. This also includes QR 37 million (2019: QR 97 million) on account of royalty on crude oil equal to 10% of the oil sales of Al Khalij Block 6 Field.

- (c) Details of the recognition / (reversal) of impairment losses are as follows:

	2020	2019
Impairment loss on other property, plant and equipment (Note 5(a) v) – net of reversal	1,679,652	(297)
impairment loss / (reversal) on investment in associates (Note 7)	1,336,343	(100,000)
Impairment loss on investment in joint ventures	806,481	2,202,167
Others	136,078	10,629
	<u>3,958,554</u>	<u>2,112,499</u>

**28. Operating, selling and administrative expenses (continued)**

- (d) This includes defined benefit obligation expense amounting to QR 596 million (2019: QR 536 million) (Note 21).

**29. Depreciation and amortization**

	2020	2019
Depreciation of property, plant and equipment (Note 5(a))	9,679,658	8,333,573
Depreciation of right-of-use assets (Note 5(b))	699,009	666,755
Depreciation of investment property (Note 5(c))	15,797	34,079
Amortization of intangible assets (Note 6)	332,837	354,710
Amortization of catalysts	22,661	1,337
	<u>10,749,962</u>	<u>9,390,454</u>

**30. Provision for expected credit losses (ECL) on financial assets**

	2020	2019
Provision for / (reversal of) ECL on trade receivables (Note 14(a))	157,789	(199,991)
(Reversal of) / provision for ECL on loans to employees (Note 14(b))	(357)	347
Provision for ECL on loans to related parties	525,785	1,587,419
Provision for ECL on due from related parties	997	23,042
Provision for ECL on other financial assets	-	2,651
(Reversal of) / provision for ECL on bank balances	(1,349)	180
	<u>682,865</u>	<u>1,413,648</u>

**31. Finance charges**

	2020	2019
Interest on loans, bonds and foreign currency swaps	288,938	364,445
Interest on lease liabilities (Note 22)	130,993	149,298
Unwinding of discount on decommissioning provision (Note 24(a))	66,392	-
Others	19,628	20,082
	<u>505,951</u>	<u>533,825</u>

**32. Taxes**

Provision for taxation for the year is as follows:

	2020	2019
Taxes on income from export sales of QP (Note i) (Note 16(e))	8,418,810	14,585,308
Current income tax	12,492	73,897
Deferred tax (Note ii)	(377,375)	(419,549)
	<u>8,053,927</u>	<u>14,239,656</u>

- i. These taxes are calculated at a rate of 85% of the taxable income for crude oil and refined products and at the higher of royalty payments or 50% of the taxable income for gas and condensate products. The total of royalty and taxation for gas and condensate products should not exceed 50% of the taxable income. Taxable income is determined on the value of all export sales less the costs of operations, depreciation and amortization, and royalties. For the year ended 31 December 2020, taxes amounting QR 8,419 million (2019: QR 14,585 million) were recognized in profit of loss.

**32. Taxes (continued)**

Details of the taxes on income from QP's export sales are as follows:

	2020	2019
Export sales subject to tax – net	<u>27,968,633</u>	<u>39,017,310</u>
Less:		
Royalties	4,717,699	6,666,101
Cost of operation and depreciation	<u>8,254,193</u>	<u>8,474,878</u>
Taxable income	<u>14,996,741</u>	<u>23,876,331</u>
Tax rate	<u>50% – 85%</u>	<u>50% – 85%</u>
Taxes	<u>8,418,810</u>	<u>14,585,308</u>

- ii. The deferred tax has arisen mainly due to the temporary differences and tax losses available to be carried forward.

Movement in the balance of deferred tax during the year was as follows:

	2020	2019
As at 1 January	309,304	(110,245)
Recognised during the year	377,375	419,549
Effect of foreign currency translation	<u>(115,403)</u>	<u>-</u>
As at 31 December	<u>571,276</u>	<u>309,304</u>

Presented in consolidated statement of financial position as follows:

	2020	2019
Deferred tax asset (Note 10)	756,646	462,238
Deferred tax liability (Note 24)	<u>(185,370)</u>	<u>(152,934)</u>
	<u>571,276</u>	<u>309,304</u>

**33. Social fund contribution**

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 104 million (2019: QR 123 million) which is equivalent to 2.5% of the adjusted net profit of listed subsidiaries for the year for the support of sports, cultural, social and charitable institutions.

**34. Capital commitments**

	2020	2019
Capital commitments of the Group	25,584,057	15,379,963
Group's share of joint ventures' capital commitments	12,717,703	27,871,712
Group's share of associates' capital commitments	<u>27,364</u>	<u>186,153</u>
	<u>38,329,124</u>	<u>43,437,828</u>



### **35. Financial instruments**

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise bank balances, trade and other receivables, due from related parties, loans to related parties, financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities comprise interest bearing loans and bonds, foreign currency swaps and trade and other payables.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments carried at fair value by valuation technique:

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

#### *Classes and categories of financial instruments and their fair values*

The following table combines information about fair value hierarchy levels of financial assets and financial liabilities which are measured at fair value.

## 35. Financial instruments (continued)

Classes and categories of financial instruments and their fair values (continued)

31 December 2020	Valuation technique(s) and key input(s)	Carrying value		Fair value								
		Financial assets		Level								
		FVTPL	FVOCI	Fair value - instruments	1	2	3					
Investments in equity instruments – quoted	Quoted price in an active market	581,635	4,392,257	-	4,973,892	4,973,892	-	-	-	-	-	4,973,892
Investments in equity instruments – unquoted	Based on unobservable inputs	-	1,503	-	1,503	-	-	1,503	-	-	-	1,503
Investments in debt instruments – quoted	Quoted price in an active market	124,756	291,252	-	416,008	416,008	-	-	-	-	-	416,008
Investment in management funds – quoted	Quoted price in an active market	-	55,601	-	55,601	55,601	-	-	-	-	-	55,601
Foreign currency swap	Based on observable market	-	-	(1,042,418)	(1,042,418)	-	(1,042,418)	-	-	-	-	(1,042,418)

## Qatar Petroleum

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## 35. Financial instruments (continued)

## Classes and categories of financial instruments and their fair values (continued)

31 December 2019	Valuation technique(s) and key input(s)	Financial assets		Carrying value		Fair value Level			Total	
		FVTPL	FVOCI	Financial liabilities	Total	Fair value - instruments	1	2		3
Investments in equity instruments – quoted	Quoted price in an active market	430,655	4,333,620	-	4,764,275	-	-	-	4,764,275	
Investments in equity instruments – unquoted	Based on unobservable inputs	-	1,502	-	1,502	-	-	1,502	1,502	
Investments in debt instruments – quoted	Quoted price in an active market	245,953	302,434	-	548,387	548,387	-	-	548,387	
Investment in management funds – quoted	Quoted price in an active market	-	59,597	-	59,597	59,597	-	-	59,597	
Foreign currency swap	Based on observable market	-	-	(1,117,607)	(1,117,607)	(1,117,607)	-	-	(1,117,607)	

The fair value of the remaining financial assets and liabilities, including bank balances, investment in unquoted debt instruments, trade and other receivables, due to and from related parties, loans to related parties and bonds approximate to the carrying value as per the book of accounts as most of these items are either short-term in nature or repriced frequently.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements in 2020 and 2019.

**35. Financial instruments (continued)****Reconciliation of liabilities arising from financing activities**

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	At 1 January 2020	Financing cash flows	Non-cash changes	At 31 December 2020
Interest bearing loans	4,687,228	(221,240)	6,117	4,472,105
Bonds	2,901,900	-	174,250	3,076,150
Derivative liabilities	1,117,607	-	(75,189)	1,042,418
Lease liabilities	2,781,265	(654,041)	859,368	2,986,592
	At 1 January 2019	Financing cash flows	Non-cash changes	At 31 December 2019
Interest bearing loans	4,996,565	(315,867)	6,530	4,687,228
Bonds	2,856,850	-	45,050	2,901,900
Derivative liabilities	1,034,881	-	82,726	1,117,607
Lease liabilities	2,804,868	(816,017)	792,414	2,781,265

**36. Financial risk and capital management****36.1 Financial risk management objectives**

Treasury function of each entity in the Group provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, liquidity risk and insurance risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by QP's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. QP does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. There have been no changes in the objectives, policies and processes for managing and measuring risk from the previous year.

**36.2 Market risk**

Market risk is the risk that changes in market prices, such as commodity prices, 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 optimizing the return. The Group's activities expose it primarily to the financial risks of changes in commodity prices, foreign currency exchange rates and interest rates.

**Commodity price risk**

Volatility in prices of oil and gas and refined products is a pervasive element of the Group's business environment as the Group's production and purchase of certain products and sales of refined products and crude oil are based on international commodity prices in accordance with a commercial supply agreement entered into with sales agents. The Group's refining margin is affected by disproportionate fluctuations in the prices of crude oil and refined products.



**36. Financial risk and capital management (continued)****36.2 Market risk (continued)****Commodity price risk (continued)**

The Group is also exposed significantly to commodity price risk, which arises from the purchase and consumption of large volumes of raw materials in its normal course of business. Raw material prices are linked to an index, which is volatile and influenced by worldwide factors such as political events, supply and demand fundamentals.

The Group does not use any derivative instruments to manage commodity price risks or for speculative purposes. The Group' sensitivity to commodity prices has not changed significantly from the prior year.

**Foreign currency risk**

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Management is of the opinion that the Group's exposure to currency risk is not significant as most of its foreign currency transactions are in United States Dollar which is pegged to Qatari Riyal and its currency exposure on the bond issued in Japanese Yen is hedged through currency swap with United States Dollar. The details of the currency swap on the bonds issues are given in Note 20. Other material foreign currency financial instruments are given below:

	2020	2019
Financial assets: Cash bank balances in foreign currency		
<i>Cash in banks:</i>		
EURO	81,712	85,847
GBP	77,100	96,070
JPY	5	12
BRL	3,254	91
CAD	295	1,744
MXN	1	10
	<u>162,367</u>	<u>183,774</u>

**Foreign currency sensitivity analysis**

A 10% strengthening / weakening of the Qatari Riyal against the above currencies as at reporting date would have decreased / (increased) profit or loss by an amount of QR 16 million (2019: QR 18 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

**Cash flow hedge****Hedging instruments**

	Notional amount		Carrying amount of the hedging instrument		Change in fair value used for calculating hedge ineffectiveness	
	2020	2019	2020	2019	2020	2019
1 to 5 years	<u>3,904,101</u>	<u>3,904,101</u>	<u>3,076,150</u>	<u>2,901,900</u>	<u>827,951</u>	<u>1,002,201</u>

**Hedged items**

	2020	2019
Nominal amount of the hedged item	<u>3,904,101</u>	<u>3,904,101</u>
Change in value used for calculating hedge ineffectiveness	<u>827,951</u>	<u>1,002,201</u>
Balance in cash flow hedge reserve for continuing hedges	<u>(214,467)</u>	<u>(115,406)</u>

**36. Financial risk and capital management (continued)****36.2 Market risk (continued)*****Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates. These financial assets and liabilities with floating interest rates includes cash and bank balances, loans and advances to related parties and interest bearing loans which are mostly on floating rate basis.

***Interest rate sensitivity analysis***

For floating rate assets, the analysis is prepared assuming the amount of the assets held outstanding at the end of the reporting period was outstanding for the whole year. As at reporting date, if interest rates had been 100 basis point higher/lower with all other variables held constant, income for the year would have been QR 7.5 million (2019: QR 10.5 million) higher/lower, mainly as a result of higher/lower interest income on floating rate assets and liabilities.

***Equity price risk***

The Group's listed investments are susceptible to equity price risk arising from uncertainties about future values of the investments. The Group manages the equity price risk through diversification and placing limits on individual and total portfolio of equity instruments. Reports on the equity portfolio are submitted to QP's senior management on a regular basis and results are reviewed by the Board of Directors of each Group entity.

As at the reporting date, the exposure to listed equity securities at fair value was QR 4,974 million (2019: QR 4,764 million) which includes both financial assets at FVOCI and financial assets at FVTPL. An increase or decrease of 10% on the Qatar Exchange (QE) index would have an impact of approximately QR 497 million (2019: QR 476 million) on the equity.

**36.3 Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The Group holds performance bonds and bank guarantees to mitigate its credit risk association with its financial assets. Further, the Group limits its exposure on export customers by taking out letters of credit.

In order to minimise credit risk, QP has tasked its Credit Management Committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Credit Management Committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

**36. Financial risk and capital management (continued)****36.3 Credit risk (continued)**

<b>31 December 2020</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net carrying amount</b>
Trade and insurance receivables	Lifetime ECL	8,997,398	(369,550)	<b>8,627,848</b>
Lease receivable	Lifetime ECL	1,130,714	-	<b>1,130,714</b>
Due from related parties	Lifetime ECL	5,046,690	(88,881)	<b>4,957,809</b>
Loans and advances to related parties	Lifetime ECL	3,844,276	(2,563,204)	<b>1,281,072</b>
Loans to employees	12-month ECL	443,972	(42,643)	<b>401,329</b>
Investments in financial assets	Lifetime ECL	1,746,125	-	<b>1,746,125</b>
Amounts due from Government of Qatar	Lifetime ECL	37,803,570	-	<b>37,803,570</b>
Cash and bank balances	12-month ECL	32,490,091	(1,001)	<b>32,489,090</b>
Reinsurance contract assets	Lifetime ECL	806,130	-	<b>806,130</b>
Other receivables	Lifetime ECL	356,379	-	<b>356,379</b>
Contract assets	Lifetime ECL	753,754	-	<b>753,754</b>
Other non-current receivables	Lifetime ECL	18,037	-	<b>18,037</b>
		<u>93,437,136</u>	<u>(3,065,279)</u>	<u><b>90,371,857</b></u>
<b>31 December 2019</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net carrying amount</b>
Trade and insurance receivables	Lifetime ECL	9,510,689	(211,761)	9,298,928
Lease receivable	Lifetime ECL	1,023,252	-	1,023,252
Due from related parties	Lifetime ECL	4,873,963	(87,884)	4,786,079
Loans and advances to related parties	Lifetime ECL	4,213,677	(2,037,419)	2,176,258
Loans to employees	12-month ECL	450,304	(43,000)	407,304
Investments in financial assets	Lifetime ECL	2,016,134	(1)	2,016,133
Amounts due from Government of Qatar	Lifetime ECL	56,732,125	-	56,732,125
Cash and bank balances	12-month ECL	59,171,370	(2,350)	59,169,020
Reinsurance contract assets	Lifetime ECL	929,964	-	929,964
Other receivables	Lifetime ECL	531,501	-	531,501
Contract assets	Lifetime ECL	57,173	-	57,173
Other non-current receivables	Lifetime ECL	72,985	-	72,985
		<u>139,583,137</u>	<u>(2,382,415)</u>	<u>137,200,722</u>

For trade receivables, lease receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

**36.4 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## 36. Financial risk and capital management (continued)

## 36.4 Liquidity risk (continued)

*Analysis of financial assets*

The table below summarises the maturity profile of the Group's financial assets as at the reporting date:

**31 December 2020**

Financial assets	Carrying amount	Total	Cash inflows		
			Less than 1 year	1 to 5 years	More than 5 years
Loans and advances to related parties	1,281,072	1,281,072	542,633	738,439	-
Due from related parties	4,957,809	4,957,809	4,957,809	-	-
Amounts due from Government of Qatar	37,803,570	37,803,570	37,803,570	-	-
Trade and other receivables *	9,029,177	9,029,177	9,029,177	-	-
Reinsurance contract assets	806,130	806,130	806,130	-	-
Financial assets	1,746,125	1,746,125	-	1,746,125	-
Other receivables	356,379	356,379	356,379	-	-
Other non-current receivables	18,037	18,037	-	18,037	-
Bank balances	32,489,090	32,489,090	32,489,090	-	-
	<b>88,487,389</b>	<b>88,487,389</b>	<b>85,984,788</b>	<b>2,502,601</b>	-

\*Includes trade receivables and loans to employees.

**31 December 2019**

Financial assets	Carrying amount	Total	Cash inflows		
			Less than 1 year	1 to 5 years	More than 5 years
Loans and advances to related parties	2,176,258	2,176,258	589,120	1,532,660	54,478
Due from related parties	4,786,079	4,786,079	4,786,079	-	-
Amounts due from Government of Qatar	56,732,125	56,732,125	56,732,125	-	-
Trade and other receivables *	9,706,232	9,706,232	9,706,232	-	-
Reinsurance contract assets	929,964	929,964	929,964	-	-
Financial assets	2,016,133	2,016,133	-	2,016,133	-
Other non-current receivables	72,985	72,985	-	72,985	-
Bank balances	59,169,020	59,169,020	59,169,020	-	-
	<b>135,588,796</b>	<b>135,588,796</b>	<b>131,912,540</b>	<b>3,621,778</b>	<b>54,478</b>

\*Includes trade receivables and loans to employees



**36. Financial risk and capital management (continued)****36.4 Liquidity risk (continued)****Analysis of financial liabilities**

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual repayment obligations:

**31 December 2020**

Financial liabilities	Carrying amount	Contractual cash outflows			
		Total	Less than 1 year	1 to 5 years	More than 5 years
Bond	3,076,150	3,339,739	131,795	3,207,944	-
Interest-bearing loans	4,472,105	4,484,294	776,747	3,707,547	-
Interest rate swap	1,042,418	1,042,418	-	1,042,418	-
Accounts payable	5,027,100	5,027,100	5,027,100	-	-
Due to related parties	10,389,130	10,389,130	10,389,130	-	-
Lease liabilities	2,986,592	3,520,606	748,675	1,824,582	947,349
	<b>26,993,495</b>	<b>27,803,287</b>	<b>17,073,447</b>	<b>9,782,491</b>	<b>947,349</b>

**31 December 2019**

Financial liabilities	Carrying amount	Contractual cash outflows			
		Total	Less than 1 year	1 to 5 years	More than 5 years
Bond	2,901,900	3,296,551	131,062	3,165,489	-
Interest-bearing loans	4,687,228	4,728,040	835,800	3,892,240	-
Interest rate swap	1,117,607	1,117,607	-	1,117,607	-
Accounts payable	5,662,833	5,662,833	5,662,833	-	-
Due to related parties	18,776,995	18,776,995	18,776,995	-	-
Lease liabilities	2,781,265	3,473,301	997,538	1,825,630	650,133
	<b>35,927,828</b>	<b>37,055,327</b>	<b>26,404,228</b>	<b>10,000,966</b>	<b>650,133</b>

**36.5 Insurance risk**

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

**36. Financial risk and capital management (continued)****36.5 Insurance risk (continued)*****Frequency and amounts of claims***

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly energy, fire and general accident, marine and medical risks. These are regarded as short term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

***Fire and general accident - Property***

Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts, the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

***Marine***

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

***Health***

Health insurances are insurances against the risk of incurring medical expenses among individuals or the employees of corporate bodies. The strategy for the health class of business is to ensure that policies are written within the Group and by proper cession.

***Reinsurance risk***

In common with other insurance companies, in order to minimise financial exposure arising from large claims, the Group, through one of its subsidiaries, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurance insolvencies, the Group, through one of its subsidiaries, evaluate the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

***Concentration of risks***

The Group's insurance risk relates to policies written in the State of Qatar only.

**36. Financial risk and capital management (continued)****36.5 Insurance risk (continued)*****Sources of uncertainty in the estimation of future claim payments***

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group, through one of its subsidiaries, is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks as at the reporting date. In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

***Claims development***

The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved with one year.

The Group does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation. A 10% change in the net claims incurred will have an increase/decrease of QR 30 million in profit or loss (2019: QR 38 million).

**36.6 Capital management**

QP manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. QP's overall strategy remained unchanged from last year.

The capital structure of the Group consists of net debt comprising loans, bonds and lease liabilities which is offset by Cash and bank balances whilst the equity of QP comprises contributed capital, general reserve, other reserves, retained earnings and non-controlling interest. The Group's management reviews the capital structure of the Group on an annual basis.

The gearing ratio at the end of the reporting period was as follows:

	2020	2019 (Restated)
Cash and bank balances (Note 15)	32,489,090	59,169,020
Less: debt	<u>(10,534,847)</u>	<u>(10,370,393)</u>
Net cash and bank balances	<u>21,954,243</u>	<u>48,798,627</u>
 Total equity	 <u>382,576,062</u>	 <u>409,536,600</u>

The Group does not have a net debt situation as at 31 December 2020 and 31 December 2019.

**37. Acquisition of subsidiaries**

During the year, the Group has obtained control over QAFCO, which was previously accounted for as Investment in Joint Venture (Note 8(b)). Accordingly, the Group has consolidated the financial statements of QAFCO in accordance with requirements of IFRS 10 Consolidated Financial Statements effective from 1 January 2020. Additionally, the Group's investment in Qatar Melamine Company (QMC) which was previously accounted for as investment in associate has also become a subsidiary from 1 January 2020 as the Group obtained control over QMC through QAFCO.

Further, the Group through its subsidiary, GIS, acquired additional 28% of the shares and voting interests in United Helicharters Private Limited (UHPL) on 2 February 2020. As a result, the Group's equity interest in UHPL increased granting it the control of UHPL.

Details of the purchase consideration of the subsidiaries acquired, the net assets acquired and bargain purchase gain / goodwill are as follows:

**Purchase consideration**

	QAFCO	UHPL	Total
Fair value of previously recognised investment in joint venture	11,150,000	1,157	11,151,157
Fair value of previously recognised investment in associate	112,056	-	112,056
Non-controlling interests	28,452	187	28,639
Consideration transferred	3,640,000	7,851	3,647,851
Total purchase consideration	<b>14,930,508</b>	<b>9,195</b>	<b>14,939,703</b>
Less: Fair value of the identifiable net assets of QAFCO (i) / UHPL (ii)	<u>(15,037,316)</u>	<u>(1,867)</u>	<u>(15,039,183)</u>
Bargain purchase gain / (goodwill)	(106,808)	7,328	(99,480)
Impairment of goodwill (ii)	-	<u>(7,328)</u>	<u>(7,328)</u>
Bargain purchase gain (i)	<b><u>(106,808)</u></b>	<b><u>-</u></b>	<b><u>(106,808)</u></b>

- (i) As at the acquisition date, the Group measured the fair value of the previously recognised investment in joint venture based on a discounted cash flow approach. Assumptions used by the management in assessing the fair value of the previously recognized investment in joint venture are disclosed in Note 4.2(xi) to the audited consolidated financial statements. As a result of assessing the fair value of the previously held interest in QAFCO, the Group recognized a fair value gain of QR 1,303 million (Note 27) and, as a result of the purchase price allocation exercise, a bargain purchase gain of QR 106.8 million was recognised (Note 27).
- (ii) The remeasurement to fair value of the Group's existing interest in UHPL resulted in a gain of QR 1.16 million (Note 27). The Group has impaired the entire amount of goodwill during the year and included this in 'Operating, selling and administrative expenses' (Note 28).



**37. Acquisition of subsidiaries (continued)**

The identifiable assets acquired and liabilities assumed as a result of acquisition are as follows:

	QAFCO	UHPL	Total
Property, plant and equipment (Note 5 (a))	13,080,424	1,146	13,081,570
Right-of-use assets (Note 5 (b))	137,732	-	137,732
Intangible assets (Note 6)	10,400	-	10,400
Other non-current assets	296	-	296
Inventories	774,269	1,304	775,573
Accounts receivables and prepayments	939,399	3,708	943,107
Cash and cash equivalents	1,223,752	1,395	1,225,147
Employee benefits (Note 21)	(292,274)	(56)	(292,330)
Lease liabilities (Note 22)	(231,628)	-	(231,628)
Other non-current liabilities	(20,969)	-	(20,969)
Accounts payables and accruals	(584,085)	(5,630)	(589,715)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>15,037,316</b>	<b>1,867</b>	<b>15,039,183</b>
Goodwill	-	7,328	7,328
Bargain purchase gain	(106,808)	-	(106,808)
<b>Total purchase consideration</b>	<b>14,930,508</b>	<b>9,195</b>	<b>14,939,703</b>

**Notes to the consolidated statement of cash flows**

The net identifiable assets acquired and liabilities assumed amounting QR 13,814 million (QR 15,039 million less cash and cash equivalent of QR 1,225 million) are non-cash activities and are not reflected in the consolidated statement of cash flows.

## Net cash outflow on acquisition of subsidiaries

Cash and cash equivalent balances acquired	1,225,147
Less: consideration paid in cash	(3,647,851)
	<b>(2,422,704)</b>

**38. Non-controlling interests**

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

31 December 2020	Industries Qatar Q.P.S.C.	Gulf International Services Q.P.S.C.	Mesaieed Petrochemical Holding Company Q.P.S.C.	Qatar Aluminium Manufacturing Company Q.P.S.C.	Qatar Fuel Company Q.P.S.C.	Intra-group eliminations	Total
Net assets	33,777,428	3,252,317	15,755,948	5,755,100	8,586,869		31,680,535
Net assets attributable NCI	<u>16,550,940</u>	<u>2,927,085</u>	<u>5,443,680</u>	<u>2,819,999</u>	<u>6,869,495</u>	<u>(2,930,664)</u>	<u>31,680,535</u>
Revenue	7,399,718	2,998,325	-	-	13,245,434		
Total comprehensive income	<b>1,988,740</b>	<b>(319,153)</b>	<b>532,213</b>	<b>94,716</b>	<b>777,847</b>		
Profit / (loss) allocated to NCI	<u>984,019</u>	<u>(286,845)</u>	<u>183,880</u>	<u>46,411</u>	<u>582,009</u>	<u>(18,670)</u>	<u>1,490,804</u>
OCI allocated to NCI	<u>(9,537)</u>	<u>(353)</u>	<u>-</u>	<u>-</u>	<u>40,269</u>	<u>13,114</u>	<u>43,493</u>
Cash flow from operating activities	1,933,794	417,600	(14,176)	(8,881)	(136,378)		
Cash flow from investing activities	428,370	53,176	315,941	292,638	(55,646)		
Cash flow from financing activities (dividends to NCI: QR 84 million)	(2,483,258)	(432,607)	(879,422)	(55,801)	(909,935)		
Effect of forex in cash	-	1,301	-	-	-		
Net increase / (decrease) in cash and cash equivalents	<u>(121,094)</u>	<u>39,470</u>	<u>(577,657)</u>	<u>227,956</u>	<u>(1,101,959)</u>		

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As at and for the year ended 31 December 2020

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## 38. Non-controlling interests (continued)

	Industries Qatar Q.P.S.C.	Gulf International Services Q.P.S.C.	Mesaieed Petrochemical Holding Company Q.P.S.C. (Restated)	Qatar Aluminium Manufacturing Company Q.P.S.C.	Qatar Fuel Company Q.P.S.C.	Intra-group eliminations	Total (Restated)
31 December 2019 - restated							
Net assets	34,229,826	3,580,923	16,138,578	5,718,553	8,702,112		
Net assets attributable NCI	<u>16,772,615</u>	<u>3,222,831</u>	<u>5,574,265</u>	<u>2,802,091</u>	<u>6,961,690</u>	<u>(2,825,488)</u>	<u>32,508,004</u>
Revenue	5,095,823	3,010,812	-	-	22,446,258		
Total comprehensive income	2,560,083	49,952	2,076,120	90,395	1,326,642		
Profit allocated to NCI	<u>1,261,560</u>	<u>39,229</u>	<u>717,092</u>	<u>39,211</u>	<u>1,006,683</u>	<u>12,263</u>	<u>3,076,038</u>
OCI allocated to NCI	<u>(7,120)</u>	<u>5,728</u>	<u>-</u>	<u>5,082</u>	<u>54,630</u>	<u>(447)</u>	<u>57,873</u>
Cash flow from operating activities	110,756	811,317	33,197	(2,477)	752,991		
Cash flow from investing activities	3,518,342	(358,845)	1,550,583	(2,639,070)	(406,814)		
Cash flow from financing activities (dividends to NCI: QR 132 million)	<u>(3,674,496)</u>	<u>(556,092)</u>	<u>(1,005,054)</u>	<u>2,646,952</u>	<u>(897,402)</u>		
Net increase/(decrease) in cash and cash equivalents	<u>(45,398)</u>	<u>(103,620)</u>	<u>578,726</u>	<u>5,405</u>	<u>(551,225)</u>		

**39. Restatement of comparative figures**

The Memorandum of Understanding (MOU) was entered into between Qatar Petroleum (representing Mesaieed Petrochemical Holding Company Q.P.S.C. (MPHC), the Group's subsidiary), the Ministry of Finance and the General Tax Authority on 4 February 2020 setting out the MPHC and its joint ventures' tax status. The MOU made provision for MPHC to receive a refund for its portion of taxes incurred in the underlying joint ventures. In prior year, after considering the impact of the application of the MOU, it was determined that deferred tax relating to the underlying joint ventures should continue to be recognised for Qatar Chemical Company Limited (Q-Chem I) and Qatar Chemical Company (II) Limited (Q-Chem II) but not for Qatar Vinyl Company Limited (QVC). During the year, to ensure consistent application of similar arrangements the accounting treatment was reassessed by management.

Management has re-assessed that all joint venture entities are taxable at a tax rate of 35% payable to the GTA and as such the arrangements are all similar in substance and should be accounted for consistently. The MOU gives MPHC the right to a refund on its portion of tax and as such it is entitled to the pre-tax profits from all the underlying joint ventures. Therefore, applying the principles of equity accounting under IAS 28 "Investments and Associates and Joint Ventures", MPHC should account for its underlying interest on a pre-tax basis and as such any tax impact including deferred tax balances for MPHC's share should be reversed.

The change has resulted in the restatement of comparative amounts to recognise this interest in joint ventures appropriately within the Group's equity accounted interest. The restatement did not impact the Group's cash flows for the comparative period.

The impact of the changes on the comparative financial information is as follows:

- A reclassification adjustment to record the refund of the tax as part of the equity accounted earnings of the joint venture and not as other income as previously disclosed for Q-Chem and QVC. However, Q-Chem II's related amounts were appropriately presented as other income/other asset, as while they exist because of MPHC's ownership of the joint venture, these do not directly represent MPHC's interest in the venture's underlying net assets.
- A restatement adjustment to recognise all joint ventures on a consistent basis by recognising the pretax profits of the joint venture as equity accounted retained earnings and therefore reversing any tax impacts including any deferred tax balances relating to MPHC's portion. The line items impacted are as follows:

**Consolidated statement of financial position**

	As previously reported	Reclassification	Restatement	As restated
<b>31 December 2019</b>				
Investments in joint ventures	100,205,992	239,701	870,572	101,316,265
Accounts receivables and prepayments	17,863,380	(239,701)	14,040	17,637,719
Others	336,943,103	-	-	336,943,103
<b>Total assets</b>	<b>455,012,475</b>	<b>-</b>	<b>884,612</b>	<b>455,897,087</b>
Retained earnings	176,718,828	-	579,049	177,297,877
Others	199,730,719	-	-	199,730,719
Equity attributable to the owner of the Corporation	376,449,547	-	579,049	377,028,596
Non-controlling interests	32,202,441	-	305,563	32,508,004
<b>Total equity</b>	<b>408,651,988</b>	<b>-</b>	<b>884,612</b>	<b>409,536,600</b>
<b>Total liabilities</b>	<b>46,360,487</b>	<b>-</b>	<b>-</b>	<b>46,360,487</b>
<b>Total equity and liabilities</b>	<b>455,012,475</b>	<b>-</b>	<b>884,612</b>	<b>455,897,087</b>

**39. Restatement of comparative figures (continued)****Consolidated statement of profit or loss**

	As previously reported	Reclassification	Restatement	As restated
<b>For the year ended 31 December 2019</b>				
Share of profit of joint ventures	39,158,605	132,332	870,572	40,161,509
Other income	6,181,384	(132,332)	14,040	6,063,092
Others	26,542,824	-	-	26,542,824
<b>Profit for the year</b>	<b>71,882,813</b>	<b>-</b>	<b>884,612</b>	<b>72,767,425</b>
<i>Attributable to:</i>				
Owner of the Corporation	69,112,338	-	579,049	69,691,387
Non-controlling interests	2,770,475	-	305,563	3,076,038

**40. Dividend**

The Board of Directors in their meeting held on 21 April 2020 (2019: 17 April 2019) approved a final dividend of QR 66,000 million (2019: QR 73,143 million).

**41. Notes to consolidated statement of cash flows**

During the year, other than the transactions disclosed in Note 37, the Group entered into the following non-cash activities which are not reflected in the consolidated statement of cash flows:

- Transfer from capital work in progress amounting QR 130 million (2019: QR 173 million) to intangible assets.
- Recognition of additional right of use assets and lease liability amounting to QR 1,013 million (2019: QR 643 million).
- Transfer from other non-current assets (project under development) amounting to QR 1,693 million (2019: nil) to property, plant and equipment.

**42. Subsequent events**

There were no subsequent events which have a bearing on the understanding of the consolidated financial statements.

**43. Comparative figures**

In addition to the reclassifications and restatement reported in Note 39, certain amounts in the prior year's consolidated financial statements have been reclassified to conform with the presentation and classification of the current year's audited consolidated financial statements. However, such reclassifications are not material and did not have an impact on the previously reported profit, other comprehensive income or the equity for the comparative year.



#### **44. Impact of COVID-19**

The COVID-19 pandemic caused slowdown in economic activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in the State of Qatar. Although, the Group has taken adequate measures to ensure business continuity during the pandemic period, business operations were impacted due to the circumstances arising from COVID-19 including the compression of demand for petroleum products and deceleration of the economic activities, resulting in lower revenue and profit. The management has assessed the accounting implications of these developments on the audited consolidated financial statements wherever applicable, including but not limited to the impairment of property, plant and equipment and investments in associates and joint ventures under IAS 36 'Impairment of assets', expected credit losses under IFRS 9 'Financial instruments', the net realisable value of inventory under IAS 2 'Inventories' and contingent liabilities under IAS 37 'Provisions, contingent liabilities and contingent assets'.

The Group's management has ensured that all necessary steps have been taken to ensure smooth and adequate continuation of its business in order to maintain business performance despite the hindered economic activity.

Based on the assessment and after considering all the adjustments, where necessary, the Group management is of the view that there is no further material impact of COVID-19 on the carrying amounts of assets and liabilities as at 31 December 2020. The management will continue to monitor the potential impact and take necessary steps to mitigate any negative effects.

# Glossary and Acronyms

AK	-	Al Khaleej Gas
ALR	-	Al Rayyan
BBLs	-	barrels
BH	-	Bul Hanine
BPD	-	barrels per day
BPSD	-	barrels per stream day
BSCFD	-	billion standard cubic feet per day
CCS	-	carbon capture and sequestration
CCWS	-	Common Cooling Water System
CEO	-	Chief Executive Officer
CO <sub>2</sub>	-	carbon dioxide
CPSC	-	Capital Project Steering Committee
CSF	-	Common Seawater Facility
CSR	-	corporate social responsibility
DCA	-	Dukhan Concession Area
DCO	-	decant oil
DEL	-	Dolphin Energy Limited
DFIS	-	Dukhan Field Integrated Study
DPSA	-	Development and Production Sharing Agreement
EDF	-	Environmental Defense Fund
EGM	-	Evergreen Geologic Modeling
EITI	-	Extractive Industries Transparency Initiative
ENH	-	Empresa Nacional de Hidrocarbonetos
ELT	-	Executive Leadership Team
EOR	-	enhanced oil recovery
EPC	-	engineering, procurement & construction
EPCI	-	engineering, procurement, construction & installation
EPIC	-	engineering, procurement, installation & commissioning
EPSA	-	Exploration and Production Sharing Agreement
ERC	-	Egyptian Refining Company
ERG	-	ethane rich gas
ESP	-	electrical submersible pumps
EWf	-	Enhanced Water Flood
FDP	-	Field Development Plan
FEED	-	front end engineering and design
FSO	-	floating storage and offloading
GDI	-	Gulf Drilling International
GECF	-	Gas Exporting Countries Forum
GTL	-	gas-to-liquids
H.E.	-	His Excellency
H.H.	-	His Highness
H <sub>2</sub> S	-	hydrogen sulfide
HDPE	-	high-density polyethylene
HIA	-	Hamad International Airport
ICV	-	In-Country Value
IOCs	-	international oil companies
IODF	-	Integrated Organization Design Framework
IOGP	-	International Association of Oil & Gas Producers
ISND	-	Idd El Shargi – North Dome
ISSD	-	Idd El Shargi – South Dome



JAOC	- Joint Air Operations Center
JMPLOC	- Joint Marine & Port Logistics Operations Center
KBOEPD	- thousand barrels of oil equivalent per day
KBPD	- thousand barrels per day
LAB	- linear alkyl benzene
LDAR	- leak detection and repair
LDPE	- low-density polyethylene
LGO	- light gas oil
LLDPE	- linear low-density polyethylene
LMS	- Learning Management System
LNG	- liquefied natural gas
LPG	- liquefied petroleum gas
LR1	- Laffan Refinery 1
LR2	- Laffan Refinery 2
LTI	- lost time injury
M Power	- Mesaieed Power Company
MBOE	- million barrels of oil equivalent
MBR	- membrane bioreactor
MDPE	- medium-density polyethylene
MEG	- mono-ethylene glycol
MENA	- Middle East and North Africa
MIC	- Mesaieed Industrial City
MM	- Maydan Mahzam
MME	- Ministry of Municipality and Environment
MMSCFD	- million standard cubic feet per day
MMSTB	- million stock tank barrels
MMPA	- million metric tons per annum
MOL	- main oil line
MPHC	- Mesaieed Petrochemical Holding Company
MRO	- maintenance, repair and overhaul
MTBE	- methyl tertiary butyl ether
MTD	- metric tons per day
MTPA	- million tons per annum
N-KOM	- Nakilat-Keppel Offshore & Marine
NAO	- normal alpha olefins
NDSQ	- Nakilat Damen Shipyards Qatar
NFA	- North Field Alpha
NFB	- North Field Bravo
NFE	- North Field Expansion
NFPS	- North Field Production Sustainability
NGL	- natural gas liquids
NOC	- North Oil Company
OAPEC	- Organization of Arab Petroleum Exporting Countries
ONHYM	- Office National des Hydrocarbures et des Mines
OOF	- Offshore Operators Forum
OOIP	- original oil-in-place
Oxy	- Occidental Petroleum
PCN	- petrochemical naphtha
PDP	- Personal Development Plan

PPF	- Pilot Production Facility
PS	- production station
PSDM	- Pre-Stack Depth Migration
Q-Chem	- Qatar Chemical Company
QAFAC	- Qatar Fuel Additives Company
QAFCO	- Qatar Fertiliser Company
QAMCO	- Qatar Aluminium Manufacturing Company
QAPCO	- Qatar Petrochemical Company
QAR	- Qatari riyals
Qatalum	- Qatar Aluminium Limited
Qatofin	- Qatofin Company Limited
QEWC	- Qatar Electricity & Water Company
QG	- Qatargas
QGPC	- Qatar General Petroleum Corporation
QLC	- Qatar Land Crude
QMC	- Qatar Marine Crude
QNV	- Qatar National Vision
QP	- Qatar Petroleum
QPD	- Qatar Petroleum Development Co. Ltd. (Japan)
QPower	- Qatar Power Company
QPSPP	- Qatar Petroleum for the Sale of Petroleum Products Company
QTL	- Qatar Terminal Limited
QU	- Qatar University
QVC	- Qatar Vinyl Company
RGA	- RasGas Alfa
RGPC	- Ras Girtas Power Company
RLIC	- Ras Laffan Industrial City
RLOC	- Ras Laffan Olefins Company
RLPC	- Ras Laffan Power Company
RLPP	- Ras Laffan Petrochemicals Project
RMOP	- Reservoir Management Optimization Project
RPSCP	- Refined Products Supply Chain Project
SAG	- stripped associated gas
SBM	- single buoy mooring
SOW	- scope of work
SRFO	- straight run fuel oil
TCF	- trillion cubic feet
TEPC	- Total E&P Congo
TEPQ	- Total Exploration & Production Qatar
TPD	- tons per day
TRIR	- total recordable injury rate
UER	- Umm Er Radhuma
VCM	- vinyl chloride monomer
VLSFO	- very low-sulfur fuel oil
VP	- Vice President
WAG	- Water Alternating Gas
WHP	- wellhead platform
Woqod	- Qatar Fuel

