QatarEnergy
(formerly known as Qatar Petroleum)

Summary Consolidated Financial Statements

31 December 2021

QatarEnergy

Summary Consolidated Financial Statements
As at and for the year ended 31 December 2021

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KPMG
Zone 25 C Ring Road
Street 230, Building 246
P.O Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

Independent auditors' report on the summary consolidated financial statements of QatarEnergy (formerly known as 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 2021, 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 QatarEnergy for the year ended 31 December 2021.

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 2022. That report also includes the communication of key audit matters.

Independent auditors' report on the summary consolidated financial statements of QatarEnergy (continued)

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.

Auditors' 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."

07 July 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251

Summary consolidated statement of financial position
As at 31 December 2021 QR ‘000

	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	**203,654,495**	201,685,767
Right-of-use assets	5(b)	**1,898,474**	2,762,111
Investment property	5(c)	**899,954**	906,316
Intangible assets	6	**7,870,283**	4,428,448
Investments in associates	7	**5,898,875**	5,424,310
Investments in joint ventures	8	**104,573,390**	96,071,628
Other investments	9	**7,271,640**	6,070,730
Other non-current assets	10	**26,974,076**	10,602,123
		359,041,187	327,951,433
Current assets			
Inventories	12	**5,354,552**	5,005,024
Amounts due from Government of Qatar	13	**48,056,749**	37,803,570
Accounts receivables and prepayments	14	**27,427,650**	18,251,695
Other investments	9	**767,877**	706,391
Cash and cash equivalents	15	**78,238,757**	32,489,090
		159,845,585	94,255,770
Assets held for sale	11	**-**	74,156
		159,845,585	94,329,926
TOTAL ASSETS		**518,886,772**	422,281,359

Continued on next page

The accompanying notes 1 to 43 are an integral part of these Summary consolidated financial statements.

QatarEnergy

Summary consolidated statement of financial position
As at 31 December 2021 QR '000

Continued from previous page

	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Capital	17	**100,000,000**	100,000,000
General reserve	18	**175,500,000**	175,500,000
Other reserves	19	**(186,079)**	(166,101)
Retained earnings		**124,750,361**	75,561,628
Equity attributable to owner of the Corporation		**400,064,282**	350,895,527
Non-controlling interests	38	**35,849,595**	31,680,535
Total equity		**435,913,877**	382,576,062
Non-current liabilities			
Loans and bonds	20	**49,004,772**	6,778,413
Employee benefits	21	**4,342,503**	5,373,448
Lease liabilities	22	**1,632,927**	2,261,878
Deferred income	23	**1,095,695**	1,037,950
Other non-current liabilities	24	**2,119,354**	3,061,083
		58,195,251	18,512,772
Current liabilities			
Loans and bonds	20	**3,396,903**	769,842
Accounts payables and accruals	25	**20,730,177**	19,646,563
Lease liabilities	22	**599,158**	724,714
Deferred income	23	**51,406**	51,406
		24,777,644	21,192,525
Total liabilities		**82,972,895**	39,705,297
TOTAL EQUITY AND LIABILITIES		**518,886,772**	422,281,359

The accompanying notes 1 to 43 are an integral part of these Summary consolidated financial statements.

Summary consolidated statement of profit or loss
For the year ended 31 December 2021 QR '000

	Note	2021	2020
Continuing operations			
Income			
Revenue	26	**120,283,088**	76,442,485
Other income	27	**7,067,602**	8,121,994
		127,350,690	84,564,479
Expenses			
Operating, selling and administrative expenses	28	**(53,231,942)**	(44,278,983)
Depreciation and amortization	29	**(12,347,848)**	(10,749,962)
Provision for expected credit losses on financial assets	30	**(121,943)**	(682,865)
		(65,701,733)	(55,711,810)
Net operating income		**61,648,957**	28,852,669
Share of profit of associates – net	7	**645,828**	311,132
Share of profit of joint ventures – net	8	**52,386,028**	19,448,196
Dividend and interest income		**936,901**	1,161,069
Finance charges	31	**(1,023,485)**	(505,951)
Profit before tax		**114,594,229**	49,267,115
Taxes	32	**(16,684,166)**	(8,053,927)
Profit for the year from continuing operations		**97,910,063**	41,213,188
Discontinued operations			
Loss from discontinued operations	11	**(18,783)**	(1,155)
Profit for the year		**97,891,280**	41,212,033
Attributable to:			
Owner of the Corporation		**92,084,450**	39,721,229
Non-controlling interests	38	**5,806,830**	1,490,804
		97,891,280	41,212,033

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The accompanying notes 1 to 43 are an integral part of these Summary consolidated financial statements.

QatarEnergy

Summary consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021 QR '000

	Note	2021	2020
Profit for the year		**97,891,280**	41,212,033
Other comprehensive income from continuing operations			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefits obligations	19(i)	**(11,141)**	(112,166)
Equity investments at FVOCI – net change in fair value	19(ii)	**46,765**	429,034
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	19(iii)	**284,394**	(163,612)
Foreign operations – foreign currency translation differences	19(iv)	**(259,198)**	15,209
		60,820	168,465
Other comprehensive income from discontinued operations		**-**	-
Total other comprehensive income		**60,820**	168,465
Total comprehensive income for the year		**97,952,100**	41,380,498
Attributable to:			
Owner of the Corporation		**92,065,901**	39,846,201
Non-controlling interests		**5,886,199**	1,534,297
		97,952,100	41,380,498

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Summary consolidated statement of changes in equity
For the year ended 31 December 2021

QR '000

	Equity attributable to owner of the Corporation						
	Capital	**General reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
At 1 January 2020	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 (Note 18)	-	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
At 31 December 2020 / 1 January 2021	100,000,000	175,500,000	(166,101)	75,561,628	350,895,527	31,680,535	382,576,062
Profit for the year	-	-	-	92,084,450	92,084,450	5,806,830	97,891,280
Other comprehensive income for the year	-	-	(18,549)	-	(18,549)	79,369	60,820
Total comprehensive income for the year	-	-	(18,549)	92,084,450	92,065,901	5,886,199	97,952,100
Reclassification of fair value reserve on sale of investments at FVOCI	-	-	(1,535)	1,535	-	-	-
Transfer to Social Fund (Note 33)	-	-	-	(147,589)	(147,589)	(144,520)	(292,109)
Dividend (Note 40)	-	-	-	(42,687,628)	(42,687,628)	-	(42,687,628)
Dividend to non-controlling interests	-	-	-	-	-	(1,662,756)	(1,662,756)
Transfer to other reserves	-	-	59,590	(59,590)	-	-	-
Other movement during the year	-	-	(59,484)	(2,445)	(61,929)	90,137	28,208
At 31 December 2021	**100,000,000**	**175,500,000**	**(186,079)**	**124,750,361**	**400,064,282**	**35,849,595**	**435,913,877**

The accompanying notes 1 to 43 are an integral part of these Summary consolidated financial statements.

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QatarEnergy

Summary consolidated statement of cash flows
For the year ended 31 December 2021 QR '000

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**97,891,280**	41,212,033
Adjustments for:			
- Depreciation of property, plant and equipment	29	**11,224,763**	9,679,658
- Loss on disposal / derecognition of property, plant and equipment		**85,177**	90,148
- Write off of property, plant and equipment	28	**748,461**	809,858
- Depreciation of right-of-use assets	29	**679,381**	699,009
- Depreciation of investment property	29	**16,287**	15,797
- Amortization of intangible assets and catalysts	29	**427,417**	355,498
- Provision for expected credit losses on financial assets, net	30	**121,943**	682,865
- (Reversal of) / provision for impairment losses – net	28	**(5,059)**	3,958,554
- Provision for inventory obsolescence	28	**53,588**	22,694
- Provision for employee benefits, net	21	**(636,770)**	596,109
- Provision for decommissioning costs, net	24(a)	**-**	1,091,615
- Loss from discontinued operations	11	**18,783**	1,155
- Fair value gain on investment at fair value through profit or loss	9(b)	**(20,806)**	(32,862)
- Share of profit of associates – net	7	**(645,828)**	(311,132)
- Share of profit of joint ventures - net	8	**(52,386,028)**	(19,448,196)
- Dividend and interest income		**(936,901)**	(1,161,069)
- Net loss on unrealised derivative financial instruments		**733,169**	-
- Deferred income		**57,745**	(64,116)
- Finance charges	31	**1,023,485**	505,951
- Taxes	32	**16,684,166**	8,053,927
- Provision for financial guarantee		**-**	11,000
- Bargain purchase gain	27	**-**	(106,808)
- Fair value gain on business combination	27	**-**	(1,303,286)
- Gain on derecognition of right-of-use assets		**(76,164)**	-
		75,058,089	45,358,402
Working capital changes:			
- Inventories		**(404,092)**	724,843
- Amounts due from Government of Qatar		**(10,253,179)**	20,007,443
- Accounts receivables and prepayments		**(9,351,950)**	(667,861)
- Accounts payables and accruals		**(508,066)**	(8,317,069)
Cash generated from operations		**54,540,802**	57,105,758
Employee benefits paid	21	**(411,302)**	(601,314)
Finance charges paid		**(375,779)**	(413,814)
Taxes paid		**(16,459,630)**	(8,514,864)
Net cash from operating activities		**37,294,091**	47,575,766

Continued next page

The accompanying notes 1 to 43 are an integral part of these Summary consolidated financial statements.

Summary consolidated statement of cash flows
For the year ended 31 December 2021 QR '000

Continued from previous page

	Note	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(18,281,150)**	(12,995,065)
Proceeds from disposal of property, plant and equipment		**27,605**	4,747
Acquisition of intangible assets	6	**(17,626)**	(76,019)
Repayments from associates – net	7	**85,733**	43,054
Additions to investments in joint ventures – net		**(2,317,169)**	(7,070,308)
Dividend received from associates and joint ventures		**45,548,746**	22,007,857
Net cash movement of financial assets at FVOCI		**(361,598)**	278,239
Net cash movement of financial assets at amortised cost		**(969,287)**	137,629
Dividend and interest received from other investments		**936,901**	1,161,069
Additions to projects under development	10(b)	**(15,945,869)**	(5,161,531)
Net cash movement in other non-current assets		**(668,580)**	(1,107,110)
Net cash movement of financial assets at fair value through profit or loss	9(b)	**(33,038)**	(15,675)
Movement in term deposits and restricted cash		**(5,021,240)**	2,089,596
Net cash inflow / (outflow) on acquisition of subsidiaries	37	**19,041**	(2,422,704)
Proceeds from disposal of asset held for sale	11	**55,374**	-
Net cash from / (used in) investing activities		**3,057,843**	(3,126,221)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and bonds		**45,591,453**	523,575
Repayment of loans		**(437,855)**	(744,815)
Payment of lease liabilities	22	**(494,914)**	(523,048)
Movement in other non-current liabilities		**1,514**	(26,405)
Dividend paid	40	**(42,687,628)**	(65,999,667)
Dividend paid to non-controlling interests		**(1,662,756)**	(2,237,143)
Other movements in non-controlling interests		**59,719**	-
Net cash from / (used in) financing activities		**369,533**	(69,007,503)
Net increase / (decrease) in cash and cash equivalents		**40,721,467**	(24,557,958)
Effect of movements in exchange rates on cash held		**7,488**	(33,725)
Cash and cash equivalents at beginning of year		**23,886,466**	48,478,149
Cash and cash equivalents at end of year	15	**64,615,421**	23,886,466

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

The accompanying notes 1 to 43 are an integral part of these Summary consolidated financial statements.

1. Legal status and principal activities

QatarEnergy (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 QatarEnergy, 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”) including trading thereof, steel, aluminium, chartering of helicopters, identifying solar power opportunities to develop, design, finance, build, install, own, operate and maintain solar power facilities, 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 QatarEnergy 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 QatarEnergy from the Ministry of Economy of Finance to the Supreme Council for Economic Affairs and Investment (‘SCEAI’) effective 1 January 2012.

Pursuant to Decree Law No. 18 of 2021 which was issued on 10 October 2021, the State of Qatar amended certain provisions of the Decree No. 10 of 1974 and changed the name of the Corporation from “Qatar Petroleum” to “QatarEnergy”.

On 12 July 2021, QatarEnergy issued USD Bonds which are listed on London and Taipei Stock Exchange. (Note 20 (b) (ii)).

These summary consolidated financial statements reflect the financial information of QatarEnergy 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 07 July 2022.

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 QatarEnergy for the year ended 31 December 2021 (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 QatarEnergy are available inter alia upon request by contacting QatarEnergy.

The audited consolidated financial statements were authorised for issue on 27 April 2022. 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 2022.

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).

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 QatarEnergy 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"):

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19 Related Rent Concessions (Amendments to IFRS 16)

The adoption of above amended standards did not have a significant impact on the Group’s 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

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.

Effective for year beginning 1 April 2021	• Covid-19 Related Rent Concessions beyond 2021 (Amendments to IFRS 16)
Effective for year beginning 1 January 2022	• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) • Annual Improvements to IFRS Standards 2018–2020 • Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) • Reference to the Conceptual Framework (Amendments to IFRS 3)
Effective for year beginning 1 January 2023	• Classification of Liabilities as Current or Non-current (Amendments to IAS 1) • IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts • Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) • Definition of Accounting Estimates (Amendments to IAS 8 • Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
Effective date deferred indefinitely / available for optional adoption	• Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)

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 2021:

Direct subsidiaries of QatarEnergy

Entity/Group	Shareholder	Country of incorporation	Principal activities	Equity holding 2021	Equity holding 2020
Industries Qatar Q.P.S.C. ("IQ")	QatarEnergy	Qatar	Holding company	51.00%	51.00%
QP Qatar Gas (3) Limited (Qatari Private Shareholding Company) ("QPQG3")	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum International Limited (Qatari Private Shareholding Company) ("QPI")	QatarEnergy	Qatar	Investment in international projects across the energy value chain	100.00%	100.00%
Al Shaheen Holding Q.S.C. ("Al Shaheen")	QatarEnergy	Qatar	Holding company	100.00%	100.00%
QP Qatar Gas (4) Limited (Qatari Private Shareholding Company) ("QPQG4")	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Gulf International Services Q.P.S.C. ("GIS")	QatarEnergy	Qatar	Holding company invested in drilling, helicopter transportation, insurance and catering services	10.00%	10.00%
QP Ras Gas (3) Limited (Qatari Private Shareholding Company) ("QPRG3")	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Mesaieed Petrochemical Holding Company Q.P.S.C. ("MPHC")	QatarEnergy	Qatar	Own and invest in Petrochemical projects	65.43%	65.45%
QP Oil & Gas Limited ("QPOG")	QatarEnergy	Qatar	Holding company	100.00%	100.00%

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

Components of the Group (continued)

Direct subsidiaries of QatarEnergy (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	Equity holding 2021	Equity holding 2020
Seef Limited Q.P.S.C. ("Seef")	QatarEnergy	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")	QatarEnergy	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")	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Qatar Aluminium Manufacturing Company Q.P.S.C. ("QAMCO")	QatarEnergy	Qatar	Holding company invested in aluminium manufacturing	51.00%	51.00%
Qatar Fuel Company Q.P.S.C. ("Woqod")	QatarEnergy	Qatar	Sale, marketing and distribution of oil, gas and refined petroleum products, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas, vessel chartering and real estate services.	20.00%	20.00%
Siraj Energy Q.P.S.C. ("Siraj")	QatarEnergy	Qatar	Investment in renewable energy projects specializing solar energy as a provider and installer of solar panels with focus on solar energy research.	51.00%	*

* Siraj was a joint venture as on 31 Decmeber 2020.

Subsidiaries of QatarEnergy's subsidiaries (Indirect subsidiaries)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2021	QatarEnergy's effective percentage holding 2020
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%	51.00%

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

Components of the Group (continued)

Subsidiaries of QatarEnergy's subsidiaries (Indirect subsidiaries) (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2021	2020
Gulf Formaldehyde Company (Q.S.C.C.) (GFC)	IQ	Qatar	Production and sales of urea formaldehyde concrete.	35.70%	35.70%
Qatar Melamine Company (Q.S.C.C.) (QMC)	IQ	Qatar	Production and sale of Melamine	51.00%	51.00%
Qatar Terminal Limited ("QTL")	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum Gas Trading Limited (QGII) (Qatari Private Shareholding Company) ("QPGT")	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum LNG Services (QGII) Limited (Qatari Private Shareholding Company) ("QPLNG")	QPI	Qatar	Holding company	100.00%	100.00%
QP U.S. Holding Corporation Inc. ("QTLH")	QPI	USA	Holding company	100.00%	100.00%
QTL U.S. Terminal L.L.C. ("QTLT")	QPI	USA	Holding company	100.00%	100.00%
QPI Egypt Limited	QPI	Cayman Islands	Special purpose entity	100.00%	100.00%
QP Netherlands Holdings B.V. ("QPIH")	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QPI Upstream B.V.	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QPI Tamba B.V.	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QP Brazil Investments B.V.	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QP Brazil Investments (2) B.V.	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QPI Energy Canada Ltd.	QPI	Canada	Special purpose entity	100.00%	100.00%

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

Components of the Group (continued)

Subsidiaries of QatarEnergy's subsidiaries (Indirect subsidiaries) (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2021	2020
Qatar Petroleum International Upstream Limited W.L.L. ("QPIU")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum International Gas & Power W.L.L ("QPGP")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum Marketing L.L.C.	QPI	Qatar	Special purpose entity	100.00%	100.00%
QP Brasil Ltda	QPI	Brazil	Production and sale of crude oil and natural gas	100.00%	100.00%
Green Ocean LNG Limited	QPI	Bahamas	Special purpose entity	100.00%	100.00%
Qatar Petroleum Holdings (UK) Ltd	QPI	United Kingdom	Holding company	100.00%	100.00%
Wave LNG Solutions L.L.C.	QPI	Qatar	Special purpose entity	100.00%	100.00%
QP Gulf of Mexico L.L.C.	QPI	USA	Special purpose entity	100.00%	100.00%
QP US Petrochemicals L.L.C.	QPI	USA	Special purpose entity	100.00%	100.00%
Qatar Petroleum Argentina Holdings L.L.C. ("QPARG")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum Africa Holdings LLC ("QPAH")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum Mozambique Holdings L.L.C. ("QPMH")	QPI	Qatar	Special purpose entity	100.00%	100.00%
QP Exploration & Production Holdings L.L.C. ("QPEP")	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%
QP Oil & Gas SAU	QPI	Argentina	Exploration & extraction of oil and gas	100.00%	100.00%
Qassim Terminal Holding L.L.C. ("QTHL")	QPI	Qatar	Holding company	100%	*

* QTHL was a joint venture as of 31 December 2020.

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

Components of the Group (continued)

Subsidiaries of QatarEnergy's subsidiaries (Indirect subsidiaries) (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2021	2020
Al Shaheen Distribution Ltd. Q.P.S.C.	Al Shaheen	Qatar	Sale and marketing of products	100.00%	100.00%
Al Koot Insurance & Reinsurance Company P.J.S.C. ("Al Koot")	GIS	Qatar	Insurance services	10.00%	10.00%
Gulf Helicopters Company (Q.P.S.C.) ("GHC")	GIS	Qatar	Helicopter services	10.00%	10.00%
Amwaj Catering Services Limited (Q.P.S.C.) ("Amwaj")	GIS	Qatar	All types of Catering services and related services	10.00%	10.00%
Gulf Drilling International Ltd. (Q.P.S.C.) ("GDI")	GIS	Qatar	Drilling services	10.00%	10.00%
United Helicharters Private Limited.	GIS	India	Helicopter services	9.00%	9.00%
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%
Sidra Al Ghariya Shipping Company	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%
Sidra Al Ruwais Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%

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

Components of the Group (continued)

Subsidiaries of QatarEnergy's subsidiaries (Indirect subsidiaries) (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2021	2020
Orbit Marine Services	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%	20.00%
Sidra Al Khor Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
QatarEnergy Trading LLC (formerly 'QP Trading LLC')	QPOG1	Qatar	Trading of liquified natural gas (LNG) and related ancillary activities	100%	100%
Qatar Liquified Gas Company Limited (5)	QPOG1	Qatar	Extraction of Natural Gas	100%	-
Qatar Liquified Gas Company Limited (6)	QPOG1	Qatar	Extraction of Natural Gas	100%	-
Qatar Liquified Gas Company Limited (7)	QPOG1	Qatar	Extraction of Natural Gas	100%	-
Qatar Liquified Gas Company Limited (8)	QPOG1	Qatar	Extraction of Natural Gas	100%	-
Qatar Liquified Gas Company Limited (9)	QPOG1	Qatar	Extraction of Natural Gas	100%	-

Joint ventures of the Group

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2021	2020
Qatar Liquefied Gas Company Limited (QG1)	QatarEnergy	Qatar	Production, marketing and transportation of LNG	65.00%	65.00%
Ras Laffan Liquefied Natural Gas Company Limited. (RG1)	QatarEnergy	Qatar	Production, liquefaction, shipping and marketing of LNG	63.00%	63.00%
Ras Laffan Liquefied Natural Gas Company Limited. (II) (RG2)	QatarEnergy	Qatar	Production, liquefaction, shipping and marketing of LNG	67.05%	67.05%
RasGas Company Limited	QatarEnergy	Qatar	Operating company	70.0%	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(s)	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2021	2020
Qatex Limited	QatarEnergy	Qatar	Aviation fuel storage and transportation services	51.00%	51.00%
Oryx GTL Limited. (Oryx)	QatarEnergy	Qatar	Management operation and maintenance of Gas to Liquids complex	51.00%	51.00%
Qatar Liquefied Gas Company Limited (2) (QG2)	QatarEnergy	Qatar	Production, marketing and transportation of LNG	67.50%	67.50%
Qatar Gas Operating Company Limited.	QatarEnergy	Qatar	Operating company	70.00%	70.00%
Laffan Refinery Company Limited. (LR)	QatarEnergy	Qatar	Operation of refinery facilities and production and marketing of refined products	51.00%	51.00%
Barzan Gas Company Limited. (Barzan)	QatarEnergy	Qatar	Production, marketing and transportation of Petroleum products.	93.00%	93.00%
Qatar Vinyl Company Limited. (QVC)	QatarEnergy / MPHC / IQ	Qatar	Production and sale of Petrochemical products	62.04%	62.04%
Qatofin Company Limited Q.P.J.S.C.	QatarEnergy / IQ	Qatar	Production and Sales of Petrochemical products	25.97%	25.97%
Qatar Chemical Company Limited. (Q-chem)	QatarEnergy / MPHC	Qatar	Production and sale of Petrochemical products	34.06%	34.08%
Qatar Chemical Company Limited. (II) (Q-chem II)	QatarEnergy/ MPHC	Qatar	Production and sale of Petrochemical products	34.06%	34.08%
Ras Laffan Olefins Company Limited. Q.S.C.	QatarEnergy / MPHC	Qatar	Operate and maintain Ethylene cracker plant	31.02%	31.02%
Laffan Refinery Company Limited. (2) (LR2)	QatarEnergy	Qatar	Operation of refinery facilities and production and marketing of refined products	84.00%	84.00%

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	QatarEnergy's effective percentage holding	
				2021	2020
Gasal Q.P.S.C.	QatarEnergy	Qatar	Manufacture and supply of industries gases	30.50%	30.50%
Siraj Energy Q.P.S.C. ("Siraj")	QatarEnergy	Qatar	Investment in renewable energy projects specializing solar energy as a provider and installer of solar panels with focus on solar energy research.	*	51.00%
Qatar Petrochemical Company Q.P.J.S.C. (QAPCO)	IQ	Qatar	Production and sale of ethylene, polyethylene, hexane and other petrochemical products	40.80%	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	25.50%	25.50%
Qatar Liquefied Gas Company Limited. (3) (QG3)	QPQG3	Qatar	Production, marketing and transportation of LNG	68.50%	68.50%
Qassim Terminal Holding L.L.C.	QPI	Qatar	Holding company	**	83.20%
QPI & Shell Petrochemicals (Singapore) Pte. Ltd. (QSPS)	QPI	Singapore	Investment in petrochemical plants	49.00%	49.00%
South Hook Gas Company Ltd.	QPI	UK	Investment in gas marketing company	70.00%	70.00%
South Hook LNG Terminal Company Ltd. (SH LNG)	QPI	UK	LNG receiving and regasification	67.50%	67.50%
Adriatic LNG Terminal (ALNG)	QPI	Italy	LNG receiving and regasification	22.02%	22.02%
Arab Refining Company (ARC)	QPI	Egypt	Investment in refinery projects	38.11%	38.11%
Golden Pass LNG Terminal L.L.C. (GPLNG)	QPI	USA	LNG receiving and regasification	70.00%	70.00%
Golden Pass Pipeline L.L.C. (GPPL)	QPI	USA	Gas dispatching	70.00%	70.00%
Heron II Viotia Thermoelectric Station S.A.	QPI	Greece	Operation of 432 MW gas-fired power plant	-	25.00%

* Siraj was a joint venture as on 31 Decmeber 2020.
** QTHL was a joint venture as of 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	QatarEnergy's effective percentage holding	
				2021	2020
ExxonMobil Exploration Argentina S.R.L. (EMEA)	QPI	Argentina	Petroleum operations	30.00%	30.00%
Mobil Argentina S.A. (MASA)	QPI	Argentina	Petroleum operations	30.00%	30.00%
Ocean LNG Ltd.	QPI	Bahamas	Marketing arm of Golden Pass outside U.S.	70.00%	70.00%
Marine LNG Solutions LLC	QPI	Qatar	Special purpose entity	50.00%	50.00%
TOQAP Guyana B.V.	QPI	Netherlands	Petroleum operations	40.00%	40.00%
Al Shaheen GE Services Company	Al Shaheen	Qatar	Repair of GE gas turbines, compressors and other related auxiliary services	50.00%	50.00%
Qatar Liquefied Gas Company Limited. (4) (QG4)	QPQG4	Qatar	Production, marketing and transportation of LNG	70.00%	70.00%
Gulf Med Aviation Services Limited	GIS	Malta	Helicopter services	4.90%	4.90%
Air Ocean Maroc	GIS	Morocco	Helicopter services	4.90%	4.90%
Gulf Drill L.L.C.	GIS	Qatar	Drilling services	5.00%	5.00%
Ras Laffan Liquefied Natural Gas Company Limited. (3) (RG3)	QPRG3	Qatar	Production, liquefaction, shipping and marketing of LNG	70.00%	70.00%
North Oil Company Q.P.S.C.	QPOG	Qatar	Petroleum operations- exclusive rights	70.00%	70.00%
Qatar Aluminium Company Limited Q.S.C. (Qatalum)	QAMCO	Qatar	Production and sale of Aluminium products	25.50%	25.50%
Siraj 1	Siraj	Qatar	Investment in renewable energy projects specializing solar energy as a provider and installer of solar panels with focus on solar energy research	60%	-

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

Components of the Group (continued)

Associates of the Group

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2021	2020
Arab Maritime Petroleum Transport Company	QatarEnergy	Kuwait	Operates and charters a fleet of crude and petro product tankers	14.80%	14.80%
Arab Petroleum Investment Corporation	QatarEnergy	KSA	Participation in financing petroleum projects and industries	10.00%	10.00%
Arab Petroleum Services Company	QatarEnergy	Libya	Provision of petroleum services	10.00%	10.00%
Arab Petroleum Pipelines Company	QatarEnergy	Egypt	Operate pipelines to transfer petroleum	5.00%	5.00%
Ras Laffan Power Company Limited	QatarEnergy	Qatar	Production and supply of electricity and production of desalinated water	10.00%	10.00%
Mesaieed Power Company Limited Q.P.S.C.	QatarEnergy	Qatar	Production and supply of electricity	20.00%	20.00%
Ras Girtas Power Company	QatarEnergy	Qatar	Production and supply of electricity and production of desalinated water	15.00%	15.00%
Umm Al Houl Power Q.P.S.C.	QatarEnergy	Qatar	Production and supply of electricity and production of desalinated water	5.00%	5.00%
Qatar Metals Coating Company W.L.L.	IQ	Qatar	Production and sale of epoxy resin coated bars	25.50%	25.50%
Foulath Holding B.S.C.	IQ	Bahrain	Manufacture and sale of various sale products	12.75%	12.75%
SOLB Steel Company (SSC)	IQ	KSA	Manufacture and sale of steel products	15.83%	15.83%
TotalEnergies EP Congo	QPI	Republic of Congo	Upstream exploration and production	15.00%	15.00%
Tamba B.V.	QPI	Netherlands	Operates and manages FPSO leases and Subsea leases	23.00%	23.00%
AKG Holding Limited.	QPRG3	Bahamas	Production and sale of gas	12.50%	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	QatarEnergy's effective percentage holding 2021	2020
Qatar Gas Upstream (Unincorporated)	QatarEnergy	Qatar	Production and marketing of Condensate	65.00%	65.00%
Pearl GTL Project North Field (Unincoporated)	QatarEnergy	Qatar	Developing of gas to liquid project in Ras Laffan	*	*
Dolphin Gas Project (Unincoporated)	QatarEnergy	Qatar	Recover and export natural gas for export purpose.	*	*
Al Khaleej Gas Project (Unincoporated)	QatarEnergy	Qatar	Enhanced gas utilization	*	*
BC-10 P.S.C.	QPI	Brazil	Upstream exploration and production assets of Block BC-10	23.00%	23.00%
Offshore Block 10 & Block 5	QPI	Cyprus	Upstream exploration and production	40.00%	40.00%
Alto de Cabo Frio-Oeste block	QPI	Brazil	Upstream exploration and production	25.00%	25.00%
11B/12B Block	QPI	South Africa	Upstream exploration and production	25.00%	25.00%
Block 3,4,6,7	QPI	Mexico	Upstream exploration and production	40.00%	40.00%
Block 24	QPI	Mexico	Upstream exploration and production	35.00%	35.00%
Block 536 & 647	QPI	Brazil	Upstream exploration and production	36.00%	36.00%
Tita Block	QPI	Brazil	Upstream exploration and production	36.00%	36.00%
Block 753 & 789	QPI	Brazil	Upstream exploration and production	30.00%	30.00%
Block 541	QPI	Brazil	Upstream exploration and production	40.00%	40.00%
Block 659 & 713	QPI	Brazil	Upstream exploration and production	25.00%	25.00%

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

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	QatarEnergy's effective percentage holding	
				2021	2020
Block A5A	QPI	Mozambique	Upstream exploration and production	25.50%	25.50%
Block A5B & Z5C & Z5D	QPI	Mozambique	Upstream exploration and production	10.00%	10.00%
Block 52	QPI	Oman	Upstream exploration and production	30.00%	30.00%
Tarfaya Shallow Block	QPI	Morocco	Upstream exploration and production	30.00%	30.00%
Block MLO113, Block MLO117 & Block MLO118	QPI	Argentina	Upstream exploration and production	30.00%	30.00%
Block CAN107& Block CAN109	QPI	Argentina	Upstream exploration and production	40.00%	40.00%
Block 2912	QPI	Namibia	Upstream exploration and production	28.33%	28.33%
Block 2913B	QPI	Namibia	Upstream exploration and production	30.00%	30.00%
Block CI-705 & Block CI-706	QPI	Cote d'Ivoire	Upstream exploration and production	45.00%	45.00%
Block 48	QPI	Angola	Upstream exploration and production	30.00%	-
Block L12, L11A & L11B	QPI	Kenya	Upstream exploration and production	25.00%	-
Block EL 1165A	QPI	Canada	Upstream exploration and production	40.00%	-
Block PEL 39 (2913A & (2914B)	QPI	Namibia	Upstream exploration and production	45.00%	-
Block 15	QPI	Mexico	Upstream exploration and production	50.00%	-
Block 33 & Block 34	QPI	Mexico	Upstream exploration and production	15.00%	-
Al Khalij Block 6 Field	QPOG	Qatar	Petroleum operations-exclusive rights	60.00%	60.00%

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 QatarEnergy and the (consolidated) financial statements of the entities controlled by QatarEnergy (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 QatarEnergy 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 QatarEnergy and the non-controlling interests (NCI). Total comprehensive income of the subsidiaries is attributed to the owner of QatarEnergy 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 of 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 and is recognised in profit or loss.

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 (including appraisal wells) 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 on disposal or when no future economic benefits are expected from its use of 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 25 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 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. For presentation purpose, the Group has elected to eliminate the unrealised gains from the carrying value of its investment in joint ventures and share of profits from its investment in joint ventures. 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 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.

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).

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.

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

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.

3.14 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.

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)

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.

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.

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 – 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.

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.

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

3.14 Financial instruments (continued)

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.

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 lifetime ECL/12-months ECL for 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.

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

3.14 Financial instruments (continued)

***Impairment of financial assets* (continued)**

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.

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.

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

3.14 Financial instruments (continued)

Derivative financial instruments and hedging (continued)

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.

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

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 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.

3.17 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.

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

3.17 Leases (continued)

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.

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.

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

3.17 Leases (continued)

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 equivalents 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.

3.20 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.

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

3.20 Provisions (continued)

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). 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 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.

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 recongnised 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 measureable 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 contact 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 and Law No. 18 of 2021).

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 substantively 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. Royalities 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 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

QatarEnergy and certain entities in the Group have a defined contribution plan for the Qatari national employees (who joined on or after 5 March 2003) and other GCC national employees. In case of Qatari employee, QatarEnergy 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, QatarEnergy and other GCC employees contribute at specified rates which are then remitted to Government pension fund. Under this Law and QatarEnergy's policy, QatarEnergy and those entities do not have any legal or constructive obligation to pay future pension to those employees and hence QatarEnergy 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

QatarEnergy 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, QatarEnergy 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, QatarEnergy 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 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (Note 39).

3.31 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 statmenents 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. By virtue of the powers 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.

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

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 outliners 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.

- 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.

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

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.

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

QatarEnergy 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.

QatarEnergy has determined that it has full control over the operations of some PSAs (“Full Controlled Operations”) while some PSAs are jointly controlled by QatarEnergy 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 audited 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 QatarEnergy 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.

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)

(x) Transactions with Government of Qatar

QatarEnergy 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 QatarEnergy 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.

(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 / The General Tax Authority ("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 QatarEnergy, Qatar Electricity and Water Company Q.P.S.C. ("QEWC"), GTA and MOF, where MOF agreed to bear tax on behalf of the listed entities mentioned in the MoU. According to MoU, certain subsidiaries and 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.

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)

(xiv) 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.

(xv) Classification of loans to equity accounted investees

The Group has provided interest-bearing loans to associates and joint ventures. 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 projected cash flows of associates/joint ventures or contractual repayments for the next 12 months after the reporting period.

(xvi) Classification of projects under development

This represents cash advances made by the Group on various projects under development. The Group has classified these cash advances as other non-current assets as these assets are not held for use in the Group's own operations. The economic benefits from these assets can be derived through various ways and the final decision in terms of structuring of operations of these projects will be determined upon completion of relevant projects.

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.

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)

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 2021 amounted to QR 32,814 million (2020: QR 30,965 million)).

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.

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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)

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 reassessed impairment in its investments in Laffan Refinery Company Limited (2) ("LR 2"), Barzan Gas Company Limited ("Barzan") and Laffan Refinery Company Limited ("LR1"). As a result, no adjustment to the previously recognised impairment loss has been made in relation to these investments in the current year. Further, QatarEnergy has not identified impairment indicators in other non-financial assets including other investments, property, plant and equipment and intangible assets.

(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.

(iv) Useful lives of intangible assets

The Group's management determines the estimated useful lives of its intangible assets for calculating amortization. This estimate is determined upon a consideration of the expected usage of the intangible asset and technical or commercial obsolescence.

During the year, Group's management has re-assessed the useful lives of data acquisition – cost for appraisal wells which resulted in changes in the expected useful lives from 5 to 25 years. The effect of these changes on actual and expected amortization expense in the current year and coming years is provided below. The expected impact of these changes will continue beyond 2026 and the below analysis is provided only for next 5 years:

	2021	2022	2023	2024	2025	2026
Increase/ (decrease) in amortization expense	**(245,412)**	(137,981)	(124,316)	26,007	26,007	26,007

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)

(v) 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.

(vi) Fair value measurements

The Group's investments in financial assets 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.

(vii) 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.

(viii) 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)

(viii) 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.

(ix) 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)

(ix) 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 2021.

(x) 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.

(xi) 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% (2020: 4.5% - 8%).

(xii) Valuation of investment in Siraj Energy at acquisition date

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

Management has assessed the fair value of the existing equity investment is an accurate approximation of the carrying value of the joint venture as of 31 December 2020.

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5(a). Property, plant and equipment

	Oil and gas assets	Other property, plant and equipment	Exploration and evaluation assets	Capital work-in-progress	Total
Cost:					
At 1 January 2020	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	-	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 iii)	(3,379,731)	(2,352,768)	(208,973)	(38,471)	(5,979,943)
At 31 December 2020	78,235,198	216,110,276	7,497,733	25,612,966	327,456,173
Additions	941,032	8,636,907	1,942,452	6,781,254	18,301,645
Acquisitions through business combinations (Note 37)	-	-	-	411	411
Reclassification / transfers (Note ii)	4,374,738	439,572	(3,855,326)	(5,049,985)	(4,091,001)
Effect of foreign currency translation	-	(201,304)	(30,584)	(849)	(232,737)
Derecognition / disposal (Note iii)	(115,553)	(1,323,326)	(22,789)	(395,980)	(1,857,648)
At 31 December 2021	**83,435,415**	**223,662,125**	**5,531,486**	**26,947,817**	**339,576,843**
Accumulated depreciation:					
At 1 January 2020	47,027,604	59,850,686	-	-	106,878,290
Reclassification / transfers	196,945	(196,721)	-	-	224
Additions through business combination	-	12,741,212	-	-	12,741,212
Charge for the year (Note 29)	3,009,054	6,670,604	-	-	9,679,658
Impairment for the year (Note iv)	-	1,679,652	-	-	1,679,652
Effect of foreign currency translation	-	(408,987)	-	-	(408,987)
Derecognition (Note iii)	(2,963,546)	(1,836,097)	-	-	(4,799,643)
At 31 December 2020	47,270,057	78,500,349	-	-	125,770,406
Reclassification / transfers (Note ii)	(177,953)	130,936	-	-	(47,017)
Charge for the year (Note 29)	3,635,199	7,589,564	-	-	11,224,763
Impairment for the year (Note iv)	-	220	-	-	220
Effect of foreign currency translation	-	(130,992)	-	-	(130,992)
Derecognition / disposal (Note iii)	(106,195)	(788,837)	-	-	(895,032)
At 31 December 2021	**50,621,108**	**85,301,240**	**-**	**-**	**135,922,348**
Net carrying amount:					
At 31 December 2021	**32,814,307**	**138,360,885**	**5,531,486**	**26,947,817**	**203,654,495**
At 31 December 2020	30,965,141	137,609,927	7,497,733	25,612,966	201,685,767

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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 82,123 million (2020: QR 76,075 million). This consists of QR 12,530 million (2020: QR 12,085 million) for oil and gas assets, QR 65,798 million (2020: QR 61,229 million) for other property, plant and equipment), QR 3,674 million (2020: QR 2,399 million) for exploration and evaluation assets and QR 121 million (2020: QR 362 million) for capital work-in-progress.

(ii) In 2021, out of the net balance of QR 4,044 million (2020: QR 1,520 million), an amount of QR 4,033 million (2020: QR 130 million) pertains to the transfer to intangible assets (Note 6) and QR 11 million (2020: QR 43 million) pertains to the transfer to investment property (Note 5(c)).

(iii) Out of the total amount derecognized during the year, the Group has written off assets aggregating to QR 748 million (2020: QR 810 million) (Note 28).

(iv) During the year, the Group has recorded an impairment of QR 0.22 million (2020: QR 1,680 million) against property, plant and equipment.

5(b). Right-of-use assets

	Land & buildings	Vehicles and mobile equipment	Vessels	Others	Total
Costs:					
At 1 January 2020	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	331,449	8,730	-	3,453	343,632
Lease modifications and other movements	(85,431)	(38,207)	-	(322,658)	(446,296)
Effect of foreign currency translation	-	-	-	(79,656)	(79,656)
At 31 December 2020	1,725,530	224,069	2,708,133	156,619	4,814,351
Additions (Note 22)	41,325	90,355	272,479	59,633	463,792
Lease modifications and other movements (i)	(1,405,822)	(60,573)	-	61,709	(1,404,686)
Effect of foreign currency translation	-	-	-	(7,003)	(7,003)
At 31 December 2021	**361,033**	**253,851**	**2,980,612**	**270,958**	**3,866,454**
Accumulated depreciation:					
At 1 January 2020	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	196,110	8,279	-	1,511	205,900
Lease modifications and other movements	(8,751)	(5,590)	-	(47,706)	(62,047)
Effect of foreign currency translation	-	-	-	(5,554)	(5,554)
At 31 December 2020	755,669	164,479	1,078,282	53,810	2,052,240
Charge for the year (Note 29)	164,315	45,239	419,127	50,700	679,381
Lease modifications and other movements (i)	(763,620)	(45,231)	-	45,830	(763,021)
Effect of foreign currency translation	-	-	-	(620)	(620)
At 31 December 2021	**156,364**	**164,487**	**1,497,409**	**149,720**	**1,967,980**
Net carrying amount:					
At 31 December 2021	**204,669**	**89,364**	**1,483,203**	**121,238**	**1,898,474**
At 31 December 2020	969,861	59,590	1,629,851	102,809	2,762,111

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

(i) This mainly includes lease modifications which resulted in derecognition of right-of-use assets and lease liabilities of QR 641.67 million and QR 723.39 million respectively. The resulting gain of QR 81.72 million has been recognized in other income.

5(c). Investment property

	2021	2020
Costs:		
At 1 January	**1,076,454**	1,040,613
Transfers (Note 5(a) ii)	**11,200**	43,269
Impairment charges for the year	**(1,275)**	(7,428)
At 31 December	**1,086,379**	1,076,454
Accumulated depreciation:		
At 1 January	**170,138**	154,341
Charge for the year (Note 29)	**16,287**	15,797
At 31 December	**186,425**	170,138
Net carrying amount:		
At 31 December	**899,954**	906,316

Investment property is carried at cost less accumulated depreciation and impairment losses, if any. Investment property is held to earn rentals and capital appreciation. The Group has earned QR 138.3 million (2020: QR 130.4 million) from rentals of investment property during the year.

The fair value of the investment properly as at 31 December 2021 was QR 1,620 million (2020: QR 1,585 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.

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6. Intangible assets

	Software (Note i)	Data acquisition – cost for appraisal wells (Note iii)	Other intangible assets (Note ii)	Total
Costs:				
At 1 January 2020	884,865	2,431,823	4,435,404	7,752,092
Additions	2,533	-	73,486	76,019
Additions from business combination	-	-	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	905,906	2,536,625	3,669,173	7,111,704
Additions	2,735	-	14,891	17,626
Transfer from / (to) property, plant and equipment (Note 5(a) ii)	158,838	4,108,894	(193,032)	4,074,700
Effect of foreign currency translation	-	-	(197,499)	(197,499)
Adjustments	-	-	55,792	55,792
At 31 December 2021	**1,067,479**	**6,645,519**	**3,349,325**	**11,062,323**
Accumulated amortization:				
At 1 January 2020	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	770,919	1,877,006	35,331	2,683,256
Charge for the year (Note 29)	139,530	234,881	36,665	411,076
Transfer from property, plant and equipment (Note 5(a) ii)	37,647	-	4,269	41,916
Adjustments	-	-	55,792	55,792
At 31 December 2021	**948,096**	**2,111,887**	**132,057**	**3,192,040**
Net carrying amount:				
At 31 December 2021	**119,383**	**4,533,632**	**3,217,268**	**7,870,283**
At 31 December 2020	134,987	659,619	3,633,842	4,428,448

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 3,131 million (2020: QR 3,323 million) through the Group's joint operations.

iii. These are internally generated intangible assets with a finite useful life.

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7. Investments in associates

	At 1 January	Disposal - net	Share in profits – net	Dividends	Other adjustments	At 31 December
2021	**5,424,310**	**(85,733)**	**645,828**	**(206,513)**	**120,983**	**5,898,875**
2020	6,935,277	(43,054)	311,132	(232,253)	(1,546,792)	5,424,310

8. Investments in joint ventures

	At 1 January	Additions - net	Share in profits – net	Dividends	Other adjustments	At 31 December
2021	**96,071,628**	**2,333,043**	**52,386,028**	**(45,342,233)**	**(875,076)**	**104,573,390**
2020	101,316,265	7,027,099	19,448,196	(21,775,604)	(9,944,328)	96,071,628

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9. Other investments

	2021	2020
Non-current assets		
Financial assets at FVOCI (Note a)	**4,972,236**	4,740,613
Financial assets at amortised cost	**2,299,404**	1,330,117
	7,271,640	6,070,730
Current assets		
Financial assets at FVTPL (Note b)	**767,877**	706,391

a. Financial assets at FVOCI

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

	2021	2020
Quoted equity instruments	**4,559,273**	4,392,257
Quoted debt instruments	**355,859**	291,252
Quoted managed funds	**55,601**	55,601
Unquoted equity instruments	**1,503**	1,503
	4,972,236	4,740,613

The movement during the year was as follows:

	2021	2020
As at 1 January	**4,740,613**	4,697,153
Additions during the year	**1,386,496**	1,792,681
Disposals during the year	**(1,024,898)**	(2,070,920)
Fair value changes during the year	**41,894**	453,751
Other adjustments	**(171,869)**	(132,052)
As at 31 December	**4,972,236**	4,740,613

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 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:

	2021	2020
Quoted equity instruments	**638,764**	581,635
Quoted debt instruments	**125,528**	124,756
Unquoted equity instruments	**3,585**	-
	767,877	706,391

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9. Other investments (continued)

b. Financial assets at FVTPL (continued)

The movement during the year was as follows:

	2021	2020
As at 1 January	**706,391**	676,608
Acquisition during the year	**194,746**	446,438
Disposals during the year	**(161,708)**	(430,763)
Net movement in fair value during the year (Note 27)	**20,806**	32,862
Other adjustments	**7,642**	(18,754)
As at 31 December	**767,877**	706,391

10. Other non-current assets

	2021	2020
Loans and advances to related parties (Note 16(a))	**348,331**	738,439
Lease receivables (Note a)	**1,673,839**	1,130,714
Projects under development (Note b)	**22,324,360**	6,515,465
Catalysts	**213,719**	217,776
Deferred tax asset (Note c and Note 32)	**559,319**	756,646
Recoverable injected gas (Note d)	**1,841,396**	1,225,046
Other non-current assets	**13,112**	18,037
	26,974,076	10,602,123

a. Lease receivables

These lease receivables relate to plots of land in Ras Laffan 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. This also includes receivable from a finance lease arrangement for five vessels.

	2021	2020
Later than one year and not later than five years	**217,338**	149,595
Later than five years	**1,456,501**	981,119
	1,673,839	1,130,714

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:

	2021	2020
As at 1 January	**6,515,465**	3,158,971
Project costs paid during the year	**15,945,869**	5,161,531
Transfer from other current assets	**224,926**	-
Transfer to property, plant and equipment	**-**	(1,693,241)
Transfer to equity advances	**(361,900)**	(111,796)
As at 31 December	**22,324,360**	6,515,465

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10. Other non-current assets (continued)

c. Deferred tax asset

Deferred tax asset represents asset recognized on carried forward tax losses of QR 399 million (2020: QR 382 million) and other deductible temporary differences of QR 160 million (2020: QR 375 million) and pertains to overseas subsidiaries 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. Carrying values of assets classified as held for sale as of the reporting date amounted to nil (2020: QR 74.16 million).

On 6th July 2021, the Group has sold the investment to a third party at a price of QR 55.37 million and the loss on disposal amounting to QR 18.78 million (representing the difference between sale proceeds of QR 55.37 million and carrying value of QR 74.16 million) has been recognized in profit or loss.

12. Inventories

	2021	2020
Crude oil, gas and refined products	**1,227,141**	565,666
Steel and other related products	**385,737**	452,355
Maintenance and other materials	**4,428,005**	4,570,687
	6,040,883	5,588,708
Less: Provision for obsolescence	**(686,331)**	(583,684)
	5,354,552	5,005,024

Movement in the provision for obsolescence was as follows:

	2021	2020
As at 1 January	**583,684**	468,893
Provision during the year (Note 28)	**53,588**	22,694
Adjustment	**49,059**	-
Additional provision from business combination	**-**	92,097
As at 31 December	**686,331**	583,684

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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.

Balance and transactions with the Ministry of Finance have been disclosed in Note 16 (e).

14. Accounts receivables and prepayments

	2021	2020
Due from related parties (Note 16(b))	**10,461,934**	5,046,690
Trade and insurance receivables (Note a)	**12,271,536**	8,997,398
Reinsurance contract assets (Note c)	**757,382**	806,130
Loans to employees (Note b)	**473,980**	443,972
Advances to vendors	**1,374,602**	1,316,873
Prepayments and other debit balances	**153,130**	382,578
Contract assets	**1,099,823**	753,754
Loans and advances to related parties (Note 16(a))	**633,261**	542,633
Other receivables	**498,690**	356,379
Derivative financial assets (Note d)	**312,123**	-
Other current assets	**24,534**	106,362
	28,060,995	18,752,769
Less: Loss allowance (i)	**(633,345)**	(501,074)
	27,427,650	18,251,695

(i) The breakup of loss allowance is as follows.

	2021	2020
Trade and insurance receivables (Note 14(a))	**509,092**	369,550
Due from related parties (Note 16(b))	**81,250**	88,881
Loans to employees (Note 14(b))	**43,003**	42,643
	633,345	501,074

a. Trade and insurance receivables

	2021	2020
Trade and insurance receivables	**12,271,536**	8,997,398
Loss allowance	**(509,092)**	(369,550)
	11,762,444	8,627,848

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.

As at and for the year ended 31 December 2021 QR '000

14. Accounts receivable and prepayments (continued)

a. Trade and insurance receivables (continued)

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 131 million (2020: QR 158) 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.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As QatarEnergy'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.

	Trade receivables – days past due					
31 December 2021	**Not past due**	**0 – 30 days**	**30 – 60 days**	**60 – 120 days**	**> 120 days**	**Total**
Gross carrying amount	7,971,494	1,217,821	638,957	825,850	1,617,414	**12,271,536**

	Trade receivables – days past due					
31 December 2020	Not past due	0 – 30 days	30 – 60 days	60 – 120 days	> 120 days	Total
Gross carrying amount	4,719,113	682,534	520,321	755,407	2,320,023	8,997,398

As at the reporting date, the expected credit loss rate ranged from 0% - 11.60% (2020: 0% - 11.70%) resulting in a lifetime ECL of QR 509 million (2020: QR 370 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.

	2021	2020
As at 1 January	**369,550**	211,761
Expected credit loss allowance remeasured during the year (Note 30)	**131,275**	157,789
Adjustments	**8,267**	-
As at 31 December	**509,092**	369,550

b. Loans to employees

	2021	2020
Loans to employees	**473,980**	443,972
Loss allowance	**(43,003)**	(42,643)
	430,977	401,329

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.

	2021	2020
As at 1 January	**42,643**	43,000
ECL recognised / (reversed) during the year (Note 30)	**360**	(357)
As at 31 December	**43,003**	42,643

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14. Accounts receivable and prepayments (continued)

c. Reinsurance contract (assets) and liabilities

Reinsurance share of outstanding claims are as follows:

	2021			2020		
	Gross	**Reinsurance Share**	**Net**	Gross	Reinsurance Share	Net
As at 1 January						
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
	1,228,652	**(806,130)**	**422,522**	1,317,242	(929,964)	387,278

Movement during the year was as follows:

	2021			2020		
	Gross	**Reinsurance Share**	**Net**	Gross	Reinsurance Share	Net
Reported claims	(34,504)	58,219	23,715	(261,520)	263,404	1,884
Unearned premiums	(11,063)	9,662	(1,401)	53,298	(24,392)	28,906
IBNR and other technical reserves	31,490	(19,133)	12,357	119,632	(115,178)	4,454
	(14,077)	**48,748**	**34,671**	(88,590)	123,834	35,244

	2021			2020		
	Gross	**Reinsurance Share**	**Net**	Gross	Reinsurance Share	Net
As at 31 December						
Reported claims	551,848	(366,093)	185,755	586,352	(424,312)	162,040
Unearned premiums	256,625	(144,546)	112,079	267,688	(154,208)	113,480
IBNR and other technical reserves	406,102	(246,743)	159,359	374,612	(227,610)	147,002
	1,214,575	**(757,382)**	**457,193**	1,228,652	(806,130)	422,522

d. Derivative financial assets and liabilities

The Group maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognized at fair value with changes in fair value recognized in profit and loss.

Exchange traded derivatives are valued using closing prices provided by the exchange as of the reporting date. These derivatives are categorized within level 1 of the fair value hierarchy. Over-the-counter (OTC) derivative financial instruments are generally valued using readily available information in the public markets and quotations provided by brokers and price index developers. These quotes are corroborated with market data and are categorized within level 2 of the fair value hierarchy.

In certain less liquid markets, or for longer-term contracts, forward prices are not as readily available. In these circumstances, OTC financial instruments are valued using internally developed methodologies that consider historical relationships between various commodities, and that result in management's best estimate of fair value. These contracts are categorized within level 3 of the fair value hierarchy.

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14. Accounts receivable and prepayments (continued)

d. Derivative financial assets and liabilities (continued)

Financial OTC instruments are valued using industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic factors. The degree to which these inputs are observable in the forward markets determines whether the option is categorized within level 2 or level 3 of the fair value hierarchy. All of the derivative financial instruments of the Company is with third parties.

	2021	2020
Derivatives held for trading		
Derivative financial assets	**312,123**	-
Derivative financial liabilities (Note 25)	**1,045,281**	-

15. Cash and cash equivalents

	2021	2020
Cash at banks and on hand	**29,877,818**	11,971,400
Short-term deposits	**48,362,468**	20,518,691
Total cash and bank balances	**78,240,286**	32,490,091
Less: Loss allowance (Note ii)	**(1,529)**	(1,001)
Cash and bank balances as per summary consolidated statement of financial position	**78,238,757**	32,489,090
Less: Term deposits maturing after ninety (90) days	**(13,112,331)**	(8,089,258)
Less: Restricted cash (Note i)	**(512,534)**	(514,367)
Add: Loss allowance	**1,529**	1,001
Cash and cash equivalents as per summary consolidated statement of cash flows	**64,615,421**	23,886,466

i. As at 31 December 2021, certain cash balances and deposits amounting to QR 513 million (2020: QR 514 million) have been set aside for meeting the other liabilities and commitments.

ii. The group recognised additional loss allowance against bank balances amounting to QR 0.53 million (2020: reversal of loss allowance of QR 1.35 million) (Note 30).

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 0.1% to 2.66% (2020: 0.30% to 3.75%).

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.

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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

	2021	2020
Associates and joint ventures of the Group		
Total gross receivable	**3,543,625**	3,844,276
Less: Loss allowance	**(2,562,033)**	(2,563,204)
Net receivable	**981,592**	1,281,072

	2021	2020
Classified as below:		
Non-current asset (Note 10)	**348,331**	738,439
Current asset (Note 14)	**633,261**	542,633
	981,592	1,281,072

(b) Due from related parties

	2021	2020
Amount due from Joint ventures and associates	**7,570,332**	3,696,216
Others	**2,891,602**	1,350,474
Total (Note 14)	**10,461,934**	5,046,690
Loss allowance	**(81,250)**	(88,881)
Net	**10,380,684**	4,957,809

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% - 4.94% (2020: 0% - 6%) resulting in a lifetime ECL of QR 81 million (2020: QR 89 million) against due from related parties.

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.

	2021	2020
As at 1 January	**88,881**	87,884
ECL (reversed) / recognized during the year (Note 30)	**(7,631)**	997
As at 31 December	**81,250**	88,881

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16. Related party balances and transactions (continued)

(c) Due to related parties

	2021	2020
Due to Joint ventures	**6,093,785**	9,846,467
Others	**478,198**	542,663
Total (Note 25)	**6,571,983**	10,389,130

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

	2021	2020
Operating income		
From Joint ventures and associates	**12,407,406**	12,944,404
Others	**15,048,174**	7,545,583
	27,455,580	20,489,987
Purchases		
From Joint ventures	**11,605,231**	6,320,958
Others	**168,232**	844,067
	11,773,463	7,165,025
Dividends received from joint ventures (Note 8)	**45,342,233**	21,775,604
Dividends received from associates (Note 7)	**206,513**	232,253

(e) Balance and transactions with the Ministry of Finance (where MOF acts on behalf of Government of Qatar)

	2021	2020
Balance at 1 January	**37,803,570**	56,732,125
Movement for the year	**10,253,179**	(18,928,555)
Balance at 31 December	**48,056,749**	37,803,570

Movements significantly includes cash transfers on account of: (i) royalties payable by QatarEnergy; (ii) taxes payable by QatarEnergy; (iii) royalties payable by QatarEnergy's joint ventures (iv) dividends payable by QatarEnergy. 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 QatarEnergy 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.

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16. Related party balances and transactions (continued)

(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:

	2021	2020
Remuneration and other benefits	**121,354**	117,488

QatarEnergy 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 2021, 30.54% (2020: 29.08%) of total sales are made to two government-related entities, other than those which are disclosed in Note 16 (d). Further, 37.73% (2020: 31.19%) 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

	2021	2020
Authorised and fully paid capital	**100,000,000**	100,000,000

The capital of the Corporation is assigned as per Article 6 of the Decree No. 10 of 1974 (as amended by Law No. 5 of 2012 and Law No.18 of 2021) which is wholly owned by SCEAI.

18. General reserve

As per Article 8 of the Decree No. 10 of 1974 (as amended by Law No. 5 of 2012 and Law No.18 of 2021), the Corporation shall have a general reserve in which 50% of the net profit will be transferred until the balance in general reserve is equal to the capital. Any subsequent transfer to general reserve will be subject to the approval of Board of Directors and SCEAI. In 2020, the Board of Directors in its 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:

	2021	2020
Employee benefit reserve (i)	**(699,668)**	(687,567)
Fair value reserve (ii)	**2,344,589**	2,448,180
Hedging reserve (iii)	**(715,157)**	(983,369)
Foreign currency translation reserve (iv)	**(1,785,912)**	(1,553,824)
Legal and other reserves from subsidiaries	**670,069**	610,479
	(186,079)	(166,101)

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19. Other reserves (continued)

(i) Employee benefit reserve

	2021	2020
At 1 January	**(687,567)**	(583,648)
Share of movement in employee benefits reserve during the year:		
From the Parent and subsidiaries	**(17,127)**	(92,755)
From Joint ventures	**(1,658)**	(19,411)
From Associates	**7,644**	-
	(11,141)	(112,166)
Less: share attributable to non-controlling interests	**(960)**	8,247
At 31 December	**(699,668)**	(687,567)

(ii) Fair value reserve

	2021	2020
At 1 January	**2,448,180**	2,113,290
Share of movement in fair value reserve during the year:		
From the Parent and subsidiaries	**41,933**	437,928
From associates	**4,832**	(8,894)
	46,765	429,034
Less: share attributable to non-controlling interests	**(89,337)**	(65,751)
Other movements during the year	**(61,019)**	(28,393)
At 31 December	**2,344,589**	2,448,180

(iii) Hedging reserve

	2021	2020
At 1 January	**(983,369)**	(821,048)
Share of movement in hedging reserve during the year:		
From the Parent and subsidiaries	**86,524**	(99,062)
From Joint ventures	**63,513**	3,643
From associates	**134,357**	(68,193)
	284,394	(163,612)
Less: share attributable to non-controlling interests	**(16,182)**	1,291
At 31 December	**(715,157)**	(983,369)

(iv) Foreign currency translation reserve

	2021	2020
At 1 January	**(1,553,824)**	(1,581,753)
Share of movement in foreign currency translation reserve during the year:		
From the Parent and subsidiaries	**(70,286)**	(185,820)
From Joint ventures	**(188,912)**	201,029
	(259,198)	15,209
Less: share attributable to non-controlling interests	**27,110**	12,720
At 31 December	**(1,785,912)**	(1,553,824)

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20. Loans and bonds

This account includes the following:

	Current		Non-current	
	2021	2020	**2021**	2020
Interest bearing loans (Note a)	632,703	769,842	3,692,705	3,702,263
Bonds (Note b)	2,764,200	-	45,312,067	3,076,150
	3,396,903	769,842	**49,004,772**	6,778,413

(a) Interest bearing loans

	2021	2020
Loans related to drilling segment (i)	**4,284,082**	4,310,020
Loans related to aviation segment (ii)	**27,632**	46,386
Syndicated Murabaha facility (iii)	**19,413**	99,840
Others	**-**	26,715
	4,331,127	4,482,961
Less: unamortized finance cost associated with raising finance	**(5,719)**	(10,856)
	4,325,408	4,472,105

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% (2020: 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$ 693.9 million from this facility as of 31 December 2021 (2020: US$ 669.5 million).

During the year, GDI has obtained a Murabaha facility of USD 45.45 million from an Islamic Bank to finance the general working capital requirements. The facility carries interest at Qatar Central Banks Money Market Lending rate plus 0.6% subject to a minimum of 3% per annum and is secured by way of assignment over the revenue proceeds from two rigs. The facility is repayable upon its maturity i.e., in one year from the date of drawdown. GDI has drawn down an amount of USD 45.44 million from this facility as of 31 December 2021.

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% (2020: 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.

During the year, GHC obtained a loan of US$ 4 million from a bank in Turkey to finance the purchase of AW189 helicopter. The effective interest rate is six months LIBOR plus 0.9% and the facility is repayable upon its maturity i.e., in one year from the date of drawdown.

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20. Loans and bonds (continued)

(a) 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% (2020: 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% (2020: 6 months LIBOR plus 1.45%). The loan is repayable in 14 semi-annual installments starting from April 2015 and is unsecured. This loan has been fully repaid during the year.

(b) Bonds

	2021	2020
JPY Bonds (i)	**2,764,200**	3,076,150
USD Bonds (ii)	**45,312,067**	-
	48,076,267	3,076,150

i.) 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 in 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 into 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 2021 amounted to QR 1,268 million (2020: QR 1,042 million).

Movement of the bond during the year was as follow:

	2021	2020
At 1 January	**3,076,150**	2,901,900
Revaluation of bond value during the year	**(311,950)**	174,250
At 31 December	**2,764,200**	3,076,150

Movement of foreign currency swap was as follows:

	2021	2020
At 1 January	**1,042,418**	1,117,607
Revaluation of hedging instrument during the year	**225,422**	(75,189)
At 31 December (Note 24 & 25)	**1,267,840**	1,042,418

20. Loans and bonds (continued)

(b) Bonds (continued)

The movement in fair value of cash flow hedges was as follows:

	2021	2020
Fair value changes included in equity at 1 January	**(214,467)**	(115,406)
Fair value change in the hedging instrument	**(225,422)**	75,189
Adjustments for hedged item	**311,950**	(174,250)
Fair value changes included in equity at 31 December	**(127,939)**	(214,467)

Under the Group's foreign exchange management policy, the Group hedges foreign exchange risk on the bond by using cross currency swaps.

ii.) On 12 July 2021, the Group issued bonds denominated in USD amounting to QR 45,500 million (equivalent to USD 12,500 million) in four trenches having maturity periods from 5 to 30 years. These bonds are listed on London and Taipei Stock Exchange. The bonds are direct, unconditional, unsecured and unsubordinated and rank equally with other outstanding unsecured and unsubordinated indebtedness of the Group. The interests for bonds are payable at the coupon rate of interest on semi-annual basis. The following table summarizes the details of bonds:

Trench	**Amount (USD '000)**	**Amount (QAR '000)**	**Issue price (%)**	**Maturity date**	**Interest rate per annum (%)**	**2021 Carrying value (QAR '000)**
2026 Bonds	1,500,000	5,460,000	99.905	12 Sep 2026	1.375%	5,455,266
2031 Bonds	3,500,000	12,740,000	98.937	12 July 2031	2.25%	12,603,011
2041 Bonds	3,500,000	12,740,000	99.631	12 July 2041	3.125%	12,693,790
2051 Bonds	4,000,000	14,560,000	100	12 July 2051	3.3%	14,560,000
	12,500,000	**45,500,000**				**45,312,067**

(1) Fair value of USD bonds at the reporting date amounted to QR 45,910,096. The fair value measurement has been categorized as a Level 1 (quoted prices (unadjusted) in active markets).

21. Employee benefits

	2021	2020
Qatari pension scheme	**1,777,589**	1,838,159
Employees' end of service benefits	**2,564,914**	3,535,289
	4,342,503	5,373,448

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 QatarEnergy before the implementation of Qatari Pension Law No. 24 of 2002.

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21. Employee benefits (continued)

Qatari pension scheme **(continued)**

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 with the Qatar Labor Law.

The most recent actuarial valuation of the defined benefit plans was carried out at 31 December 2021 by an independent consultant appointed by the management.

Employees' end of service benefits

Employees' end of services benefits represent terminal gratuities and are provided for services rendered in accordance with entitlements stipulated in the employees' contract, the Group'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 using actuarial valuations as at 31 December 2021.

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:

	Employees' end of service benefits		**Qatari pension scheme**	
	2021	2020	**2021**	2020
Discount rate	**1.93% - 4.25%**	1.93% - 4.25%	**4.25%**	4.25%
Salary increase rate	**2.0% - 4.70%**	2.0%-4.75%	**-**	-
Plan duration	**8.98**	10.5	**8. 84**	9.02
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

Movements in the present value of the unfunded defined benefit obligation were as follows:

	Employees' end of service benefits		**Qatari pension scheme**	
	2021	2020	**2021**	2020
As at 1 January	**3,535,289**	3,125,894	**1,838,159**	1,878,712
Current service cost	**360,866**	398,286	**-**	-
Interest cost	**118,906**	116,945	**74,792**	80,878
Benefits paid	**(245,673)**	(434,808)	**(165,629)**	(166,506)
Addition from business combination	**-**	292,330	**-**	-
Other adjustment	**(1,191,334)**	-	**-**	-
Reclassified to other payables / related parties' balances	**-**	(11,038)	**-**	-
Actuarial (gain) / loss charged to other comprehensive income	**(13,140)**	47,680	**30,267**	45,075
As at 31 December	**2,564,914**	3,535,289	**1,777,589**	1,838,159

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21. Employee benefits (continued)

Employees' end of service benefits **(continued)**

Charge to profit or loss on account of unfunded defined benefit obligation was as follows:

	Employees' end of service benefits		**Qatari pension scheme**	
	2021	2020	**2021**	2020
Current service cost	**360,866**	398,286	**-**	-
Interest cost	**118,906**	116,945	**74,792**	80,878
	479,772	515,231	**74,792**	80,878
Other adjustment	**(1,191,334)**	-	**-**	-
For the year	**(711,562)**	515,231	**74,792**	80,878

Charge to other comprehensive income on account of unfunded defined benefit obligation was as follows:

	Employees' end of service benefits		**Qatari pension scheme**	
	2021	2020	**2021**	2020
Actuarial (gain) / loss arising from				
- Financial assumptions	**-**	73,084	**-**	39,563
- Experience adjustments	**(13,140)**	(25,404)	**30,267**	5,512
For the year	**(13,140)**	47,680	**30,267**	45,075

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**	
	(Decrease) / increase in liability			
	2021	2020	**2021**	2020
Discount rate (+0.5%)	**(89,851)**	(152,737)	**(72,881)**	(77,203)
Discount rate (-0.5%)	**95,652**	164,430	**79,992**	84,555
Pension increase rate (+0.5%)	**-**	-	**81,769**	86,394
Salary increase rate (+0.5%)	**96,680**	163,705	**-**	-
Salary increase rate (-0.5%)	**(90,879)**	(152,012)	**-**	-

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

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22. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021	2020
Current liabilities	**599,158**	724,714
Non-current liabilities	**1,632,927**	2,261,878
	2,232,085	2,986,592

The movement in lease liabilities during the year was as follows:

	2021	2020
As at 1 January	**2,986,592**	2,781,265
Liabilities recognized during the year (Note 5(b))	**463,792**	1,012,676
Finance charges on lease liabilities (Note 31)	**97,723**	130,993
Additions from business combination	**-**	231,628
Principal payments made	**(494,914)**	(523,048)
Interest paid	**(97,723)**	(130,993)
Derecognition and other adjustments	**(723,385)**	(515,929)
As at 31 December	**2,232,085**	2,986,592

23. Deferred income

	2021	2020
Deferred income	**1,147,101**	1,089,356

Classified as below:

	2021	2020
Current liabilities	**51,406**	51,406
Non-current liabilities	**1,095,695**	1,037,950
	1,147,101	1,089,356

24. Other non-current liabilities

	2021	2020
Foreign currency swap (Note 20(b))	**-**	1,042,418
Decommissioning provision (Note a)	**1,905,915**	1,832,989
Deferred tax liability (Note b and 32)	**211,619**	185,370
Contract liabilities	**1,820**	306
	2,119,354	3,061,083

a. Decommissioning provision

Movement of the decommissioning provision during the year was as follows:

	2021	2020
As at 1 January	**1,832,989**	606,203
Additions during the year	**20,495**	-
Unwinding of discount (Note 31)	**66,173**	66,392
Provision recognized during the year	**-**	1,091,615
Effect of foreign currency exchange differences	**(13,742)**	(41,595)
Change in estimate during the year	**-**	110,374
As at 31 December	**1,905,915**	1,832,989

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.

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25. Accounts payables and accruals

	2021	2020
Trade creditors (Note a)	**5,702,171**	5,027,100
Accrued liabilities	**1,442,721**	1,246,239
Advance from customers	**94,801**	103,492
Financial guarantees (Note b)	**400,000**	400,000
Due to related parties (Note 16(c))	**6,571,983**	10,389,130
Foreign currency swap (Note 20(b))	**1,267,840**	-
Derivative financial liabilities (Note 14(d))	**1,045,281**	-
Contract liabilities	**64,271**	169,055
Reinsurance premium payables	**204,597**	163,925
Taxes payable	**5,618**	4,658
Other payables	**3,930,894**	2,142,964
	20,730,177	19,646,563

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 (2020: QR 489 million) upon which QR 400 million (2020: QR 400 million) is recognised as a liability.

26. Revenue

Revenue of the Group consists of the following:

	2021	2020
Revenue from contracts with customers (Note a)	**119,295,131**	75,461,246
Revenue from insurance contracts (Note b)	**987,957**	981,239
	120,283,088	76,442,485

a. Revenue from contracts with customers

	2021	2020
Crude oil	**21,568,978**	13,633,756
Condensate	**17,395,961**	10,579,213
Natural gas	**31,127,942**	22,709,581
Refined products	**32,670,290**	19,454,540
Steel products	**3,885,942**	2,994,713
Fertilizers	**10,283,181**	3,718,267
Petrochemicals	**618,027**	448,024
Services (1)	**864,862**	1,091,819
Others	**879,948**	831,333
	119,295,131	75,461,246

(1) This includes revenue of QR 468.26 million (2020: QR 694.79 million) which is recognised over time. All other revenue is recognised at a point in time.

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26. Revenue (continued)

a. Revenue from contracts with customers (continued)

The analysis of sales between domestic and export customers is as follows:

	2021	2020
Domestic sales	**45,572,745**	33,555,374
Export sales (i & ii)	**73,722,386**	41,905,872
	119,295,131	75,461,246

(i) This includes export sales made through Qatar Petroleum for the Sale of Petroleum Products Company Limited ("QPSPP") which has been setup exclusively for the marketing and selling of Regulated Products.

(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

	2021	2020
Gross insurance revenue	**987,957**	981,239

The details of gross insurance revenue are as follows:

	2021	2020
Gross premium	**970,002**	1,032,548
Movement in unearned premium, gross	**11,063**	(53,298)
Net commission income / (expense)	**6,892**	1,989
	987,957	981,239

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26. Revenue (continued)

b. Revenue from insurance contracts (continued)

The details of retained premiums and earned premium are as follows:

2021

	Gross	**Reinsurance**	**Net**
Written premiums	970,002	(567,195)	402,807
Change in unearned premiums	11,063	(9,662)	1,401
	981,065	**(576,857)**	**404,208**

2020

	Gross	Reinsurance	Net
Written premiums	1,032,548	(593,088)	439,460
Change in unearned premiums	(53,298)	24,392	(28,906)
	979,250	(568,696)	410,554

27. Other income

	2021	2020
Recoveries	**1,645,617**	1,551,948
Rental income	**920,320**	966,442
Berthing fees	**498,767**	435,627
Terminal charges	**388,171**	387,325
Government grant (i)	**322,132**	176,653
Fair value gain in FVTPL investments (Note 9(b))	**20,806**	32,862
Fair value gain on business combination	**-**	1,303,286
Bargain purchase gain	**-**	106,808
Other income	**3,271,789**	3,161,043
	7,067,602	8,121,994

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

	2021	2020
Direct costs	**11,761,785**	8,390,207
Purchases for resale	**14,601,839**	8,537,915
PSAs operating costs	**3,416,369**	3,086,677
Taxes paid on behalf (Note i)	**4,949,752**	4,212,768
Royalties (Note ii)	**7,690,704**	4,754,623
Net impairment (reversal) / losses (Note iii)	**(5,059)**	3,958,554
Salaries and related costs (Note iv)	**8,358,047**	8,518,582
Foreign exchange loss	**270,779**	1,032,980
Write-off of property, plant and equipment (Note 5(a) iii)	**748,461**	809,858
Provision for inventory obsolescence (Note 12)	**53,588**	22,694
Other expenses	**1,385,677**	954,125
	53,231,942	44,278,983

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28. Operating, selling and administrative expenses (continued)

(i) Included in the taxes paid on behalf for the year is an amount of QR 56 million (2020: QR 1,364 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 4,894 million (2020: QR 2,849 million). This tax obligation has been assumed by QatarEnergy on behalf of the joint venture companies and the operators in relation to Production Sharing Agreements.

(ii) Includes royalties due to the Ministry of Finance (as Government) amounting to QR 7,626 million (2020: QR 4,718 million) 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 65 million (2020: QR 37 million) on account of royalty on crude oil equal to 10% of the oil sales of Al Khalij Block 6 Field.

(iii) Details of the recognition / (reversal) of impairment losses are as follows:

	2021	2020
Impairment loss on other property, plant and equipment (Note 5(a) iv) – net of reversal	**220**	1,679,652
Impairment (reversal) / loss on investment in associates (Note 7)	**(6,554)**	1,336,343
Impairment loss on investment in joint ventures	**-**	806,481
Others	**1,275**	136,078
	(5,059)	3,958,554

(iv) This includes defined benefit obligation expense amounting to QR 555 million (2020: expense of QR 596 million) (Note 21).

29. Depreciation and amortization

	2021	2020
Depreciation of property, plant and equipment (Note 5(a))	**11,224,763**	9,679,658
Depreciation of right-of-use assets (Note 5(b))	**679,381**	699,009
Depreciation of investment property (Note 5(c))	**16,287**	15,797
Amortization of intangible assets (Note 6)	**411,076**	332,837
Amortization of catalysts	**16,341**	22,661
	12,347,848	10,749,962

30. Provision for expected credit losses (ECL) on financial assets

	2021	2020
Provision for ECL on trade receivables (Note 14(a))	**131,275**	157,789
Provision for / (reversal of) ECL on loans to employees (Note 14(b))	**360**	(357)
(Reversal of) / provision for ECL on loans to related parties	**(1,171)**	525,785
(Reversal of) / provision for ECL on due from related parties (Note 16(b))	**(7,631)**	997
Provision for / (reversal of) ECL on bank balances (Note 15)	**528**	(1,349)
Reversal of ECL on other financial assets	**(1,418)**	-
	121,943	682,865

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31. Finance charges

	2021	2020
Interest on loans, bonds and foreign currency swaps	**728,727**	288,938
Interest on lease liabilities (Note 22)	**97,723**	130,993
Unwinding of discount on decommissioning provision (Note 24(a))	**66,173**	66,392
Others	**130,862**	19,628
	1,023,485	505,951

32. Taxes

Provision for taxation for the year is as follows:

	2021	2020
Taxes on income from export sales of QatarEnergy (Note i) (Note 16(e))	**16,499,706**	8,418,810
Current income tax	**6,519**	12,492
Deferred tax (Note ii)	**177,941**	(377,375)
	16,684,166	8,053,927

i. These taxes are calculated at a rate of 85% of the taxable income for crude oil and refined products. For gas and condensate products, taxes are calculated at 50% of the taxable income however 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 applicable export sales less the costs of operations, depreciation and amortization, and royalties. For the year ended 31 December 2021, taxes amounting QR 16,500 million (2020: QR 8,419 million) were recognized in profit of loss.

Details of the taxes on income from QatarEnergy's export sales are as follows:

	2021	2020
Export sales subject to tax – net	**44,908,910**	27,968,633
Less:		
Royalties	**7,625,723**	4,717,699
Cost of operation and depreciation	**9,886,926**	8,254,193
Taxable income	**27,396,261**	14,996,741
Tax rate	**50% – 85%**	50% – 85%
Taxes	**16,499,706**	8,418,810

ii. The deferred tax has arisen mainly due to the temporary differences on unrealized foreign exchange loss and carried forward tax losses.

Movement in the balance of deferred tax during the year was as follows:

	2021	2020
As at 1 January	**571,276**	309,304
Recognised during the year	**(177,941)**	377,375
Effect of foreign currency translation	**(45,635)**	(115,403)
As at 31 December	**347,700**	571,276

Presented in consolidated statement of financial position as follows:

	2021	2020
Deferred tax asset (Note 10)	**559,319**	756,646
Deferred tax liability (Note 24)	**(211,619)**	(185,370)
	347,700	571,276

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33. Social fund contribution

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 292 million (2020: QR 104 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

	2021	2020
Capital commitments of the Group	**10,239,842**	9,405,574
Group's share of joint ventures' capital commitments	**42,541,528**	30,009,357
Group's share of associates' capital commitments	**15,552**	27,364
	52,796,922	39,442,295

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 though profit or loss (FVTPL) including derivative financual assets and financial assets at fair value though other comprehensive income (FVOCI). Financial liabilities comprise interest bearing loans and bonds, foreign currency swaps, trade and other payables and derivative financial liabilities.

Hierarchy for determining and disclosing the fair value of financial instruments carried at fair value by valuation technique is disclosed in Note 2.2.

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35. Financial instruments (continued)

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.

31 December 2021		**Carrying value**					**Fair value**			
	Valuation technique(s) and key input(s)	**Financial assets**		**Financial liabilities**			**Level**			
		FVTPL	**FVOCI**	**Fair value - hedging instruments**	**FVTPL**	**Total**	**1**	**2**	**3**	**Total**
Investments in equity instruments – quoted	Quoted price in an active market	638,764	4,559,273	-	**-**	**5,198,037**	5,198,037	-	-	**5,198,037**
Investments in equity instruments – unquoted	Based on unobservable inputs	3,585	1,503	-	**-**	**5,088**	-	-	5,088	**5,088**
Investments in debt instruments – quoted	Quoted price in an active market	125,528	355,859	-	**-**	**481,387**	481,387	-	-	**481,387**
Investment in management funds – quoted	Quoted price in an active market	-	55,601	-	**-**	**55,601**	55,601	-	-	**55,601**
Derivative financial assets (i)	Based on observable inputs, other than quoted prices	312,123	-	-	**-**	**312,123**	-	312,123	-	**312,123**
Derivative financial liabilities (i)	Based on observable inputs, other than quoted prices	-	-	-	(1,045,281)	**(1,045,281)**	-	(1,045,281)		**(1,045,281)**
Foreign currency swap (ii)	Based on observable market	-	-	(1,267,840)	**-**	**(1,267,840)**	-	(1,267,840)	-	**(1,267,840)**

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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		Financial liabilities		Level			
		FVTPL	FVOCI	Fair value - hedging instruments	Total	1	2	3	Total
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 (ii)	Based on observable market	-	-	(1,042,418)	(1,042,418)	-	(1,042,418)	-	(1,042,418)

(i) Derivative financial assets and liabilities are related to over-the-counter (OTC) physical commodity sale and purchase contracts. OTC physical commodity sale and purchase contracts are generally valued using readily available information in the public markets and quotations provided by brokers and price index developers. These quotes are corroborated with market data and are categorized within level 2 of the fair value hierarchy. OTC physical commodity contracts are valued using industry standard models that consider various assumptions including quoted forward prices for commodities, time value, volatility factors and contractual prices for the underlying instruments as well as other relevant economic factors.

(ii) Foreign currency swaps are valued using valuation techniques which maximize the use of observable market data. The significant inputs required to fair value these foreign currency swaps are interest rates for the underlying currencies, discount rates for similar types of bonds, credit risk of the issuer and the other relevant economic factors which may influence the fair value.

Fair value of USD bonds is disclosed in Note 20 (b) (ii). 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 JPY 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 2021 and 2020.

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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 2021	Financing cash flows	Non-cash changes	At 31 December 2021
Interest bearing loans	**4,472,105**	**(151,546)**	**4,849**	**4,325,408**
JPY Bonds	**3,076,150**		**(311,950)**	**2,764,200**
USD Bonds	**-**	**45,305,144**	**6,923**	**45,312,067**
Foreign currency swap	**1,042,418**	**-**	**225,422**	**1,267,840**
Derivative financial liabilities	**-**	**-**	**1,045,281**	**1,045,281**
Lease liabilities	**2,986,592**	**(592,637)**	**(161,870)**	**2,232,085**

	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
JPY Bonds	2,901,900	-	174,250	3,076,150
Foreign currency swap	1,117,607	-	(75,189)	1,042,418
Lease liabilities	2,781,265	(654,041)	859,368	2,986,592

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 QatarEnergy'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. 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.

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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. 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 issued are given in Note 20. Other material foreign currency financial instruments are given below:

	2021	2020
Financial assets: Cash bank balances in foreign currency		
Cash in banks:		
EURO	**114,593**	81,712
GBP	**287,425**	77,100
JPY	**31**	5
BRL	**76,005**	3,254
CAD	**5,566**	295
MXN	**11**	1
ZAR	**33,404**	-
	517,035	162,367

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 52 million (2020: QR 16 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

Cash flow hedge

Hedging instruments

	Notional amount		**Carrying amount of the hedging instrument**		**Change in fair value used for calculating hedge ineffectiveness**	
	2021	2020	**2021**	2020	**2021**	2020
Less than 1 year	**3,904,101**	-	**2,764,200**	**-**	**1,139,901**	**-**
1 to 5 years	**-**	3,904,101	**-**	3,076,150	**-**	827,951
	3,904,101	3,904,101	**2,764,200**	3,076,150	**1,139,901**	827,951

Hedged items

	2021	2020
Nominal amount of the hedged item	**3,904,101**	3,904,101
Change in value used for calculating hedge ineffectiveness	**1,139,901**	827,951
Balance in cash flow hedge reserve for continuing hedges	**(127,939)**	(214,467)

Other details of foreign currency swap are disclosed in Note 20(b) (i).

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 the Group's financial assets and liabilities with floating interest rates. These financial assets and liabilities with floating interest rates includes 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 10 basis point higher/lower with all other variables held constant, income for the year would have been QR 47.9 million (2020: QR 40.2 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 QatarEnergy'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 5,198 million (2020: QR 4,974 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 520 million (2020: QR 497 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, QatarEnergy 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.

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36. Financial risk and capital management (continued)

36.3 Credit risk (continued)

31 December 2021	**12-month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Trade and insurance receivables	Lifetime ECL	12,271,536	(509,092)	**11,762,444**
Lease receivable	Lifetime ECL	1,673,839	-	**1,673,839**
Due from related parties	Lifetime ECL	10,461,934	(81,250)	**10,380,684**
Loans and advances to related parties	Lifetime ECL	3,543,625	(2,562,033)	**981,592**
Loans to employees	12-month ECL	473,980	(43,003)	**430,977**
Investments in financial assets	Lifetime ECL	2,780,791	-	**2,780,791**
Amounts due from Government of Qatar	Lifetime ECL	48,056,749	-	**48,056,749**
Cash and bank balances	12-month ECL	78,240,286	(1,529)	**78,238,757**
Reinsurance contract assets	Lifetime ECL	757,382	-	**757,382**
Other receivables	Lifetime ECL	498,690	-	**498,690**
Derivative financial assets	Lifetime ECL	312,123	-	**312,123**
Contract assets	Lifetime ECL	1,099,823	-	**1,099,823**
Other non-current receivables	Lifetime ECL	13,112	-	**13,112**
		160,183,870	(3,196,907)	**156,986,963**

31 December 2020	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade and insurance receivables	Lifetime ECL	8,997,398	(369,550)	8,627,848
Lease receivable	Lifetime ECL	1,130,714	-	1,130,714
Due from related parties	Lifetime ECL	5,046,690	(88,881)	4,957,809
Loans and advances to related parties	Lifetime ECL	3,844,276	(2,563,204)	1,281,072
Loans to employees	12-month ECL	443,972	(42,643)	401,329
Investments in financial assets	Lifetime ECL	1,746,125	-	1,746,125
Amounts due from Government of Qatar	Lifetime ECL	37,803,570	-	37,803,570
Cash and bank balances	12-month ECL	32,490,091	(1,001)	32,489,090
Reinsurance contract assets	Lifetime ECL	806,130	-	806,130
Other receivables	Lifetime ECL	356,379	-	356,379
Contract assets	Lifetime ECL	753,754	-	753,754
Other non-current receivables	Lifetime ECL	18,037	-	18,037
		93,437,136	(3,065,279)	90,371,857

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.

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36. Financial risk and capital management (continued)

36.4 Liquidity risk (continued)

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.

Analysis of financial assets

The table below summarises the maturity profile of the Group's financial assets as at the reporting date:

31 December 2021

Financial assets	**Carrying amount**	**Cash inflows**		
		Total	**Less than 1 year**	**1 to 5 years**
Loans and advances to related parties	**981,592**	**981,592**	**633,261**	**348,331**
Due from related parties	**10,380,684**	**10,380,684**	**10,380,684**	**-**
Amounts due from Government of Qatar	**48,056,749**	**48,056,749**	**48,056,749**	**-**
Trade and other receivables *	**12,193,421**	**12,193,421**	**12,193,421**	**-**
Reinsurance contract assets	**757,382**	**757,382**	**757,382**	**-**
Investments in financial assets	**2,780,791**	**2,780,791**	**-**	**2,780,791**
Derivative financial assets	**312,123**	**312,123**	**312,123**	-
Other receivables	**498,690**	**498,690**	**498,690**	-
Other non-current receivables	**13,112**	**13,112**	-	**13,112**
Bank balances	**78,238,757**	**78,238,757**	**78,238,757**	**-**
	154,213,301	**154,213,301**	**151,071,067**	**3,142,234**

*****_Includes trade and insurance receivables and loans to employees._

31 December 2020

Financial assets	Carrying amount	Cash inflows		
		Total	Less than 1 year	1 to 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	-
Investments in 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	-
	88,487,389	88,487,389	85,984,788	2,502,601

*****_Includes trade and insurance receivables and loans to employees._

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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 2021

		Contractual cash outflows			
Financial liabilities	**Carrying amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
USD Bonds	**45,312,067**	**71,124,055**	**1,245,610**	**10,421,320**	**59,457,125**
JPY Bonds	**2,764,200**	**2,895,995**	**2,895,995**	**-**	**-**
Interest-bearing loans	**4,325,408**	**4,332,854**	**633,954**	**3,698,900**	**-**
Foreign currency swap	**1,267,840**	**1,267,840**	**1,267,840**	**-**	**-**
Derivative financial liabilities	**1,045,281**	**1,045,281**	**1,045,281**	**-**	**-**
Accounts payable	**5,702,171**	**5,702,171**	**5,702,171**	**-**	**-**
Due to related parties	**6,571,983**	**6,571,983**	**6,571,983**	**-**	**-**
Lease liabilities	**2,232,085**	**2,697,886**	**544,887**	**1,589,038**	**563,961**
	69,221,035	**95,638,065**	**19,907,721**	**15,709,258**	**60,021,086**

31 December 2020

		Contractual cash outflows			
Financial liabilities	Carrying amount	Total	Less than 1 year	1 to 5 years	More than 5 years
JPY Bonds	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	-
Foreign currency 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
	26,993,495	27,803,287	17,073,447	9,782,491	947,349

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.

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.

36. Financial risk and capital management (continued)

36.5 Insurance risk (continued)

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.

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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 32 million in profit or loss (2020: QR 30 million).

36.6 Capital management

QatarEnergy 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.

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 QatarEnergy 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:

	2021	2020
Cash and bank balances (Note 15)	**78,238,757**	32,489,090
Less: debt	**(54,633,760)**	(10,534,847)
Net cash and bank balances	**23,604,997**	21,954,243
Total equity	**435,913,877**	382,576,062

The Group does not have a net debt situation as at 31 December 2021 and 31 December 2020.

As at and for the year ended 31 December 2021 QR '000

37. Acquisition of a subsidiary

The Group signed an amended and restated shareholders' agreement with Qatar Electricity & Water Company (QEWC) for Siraj Energy Q.P.S.C. (Siraj) which became effective on 1 January 2021. As per this revised agreement, the Group has power to govern the relevant activities of Siraj. Accordingly, the Group obtained control of Siraj (which was previously accounted for as Investment in joint venture) and has consolidated it from 1 January 2021 as per the terms of this agreement.

Details of the purchase consideration and the net assets acquired are as follows. The acquisition did not result in any goodwill or bargain purchase gain:

Purchase consideration

Fair value of previously recognised investment in joint venture	81,792
Non-controlling interests	78,584
Total purchase consideration	**160,376**
Less: fair value of the identifiable net assets of Siraj	160,376
Bargain purchase gain / (goodwill)	**-**

Net cash inflow on acquisition of subsidiary

Cash and cash equivalent balances acquired	19,041
Less: consideration paid in cash	-
	19,041

Net cash outflow on acquisition of subsidiaries during the year ended 31 December 2020 amounted to QR 2,422,704.

The fair values of identifiable assets acquired, and liabilities assumed as a result of acquisition are as follows:

Property, plant and equipment	411
Investment in joint ventures	16,485
Other non-current assets	129,091
Accounts receivables and prepayments	2,821
Cash and cash equivalents	19,041
Accounts payables and accruals	(7,473)
	160,376

For the year ended 31 Decmeber 2021, Siraj has contributed profit of QR 28.59 million to the Group's profits.

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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 2021	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.	Siraj Energy Q.P.S.C.	Intra-group eliminations	Total
Net assets	**39,510,288**	**3,256,189**	**17,068,432**	**6,373,476**	**9,177,495**	**351,030**		
Net assets attributable to NCI	**19,360,041**	**2,930,570**	**5,900,557**	**3,123,003**	**7,341,996**	**172,005**	**(2,978,577)**	**35,849,595**
Revenue	14,169,123	3,091,050	-	-	19,531,496	-		
Total comprehensive income	**8,093,959**	**5,223**	**1,861,550**	**834,544**	**1,120,335**	**59,713**		
Profit / (loss) allocated to NCI	3,964,148	48,632	643,538	408,927	801,938	14,009	**(74,362)**	**5,806,830**
OCI allocated to NCI	1,892	(43,931)	-	-	94,330	15,251	**11,827**	**79,369**
Cash flow from operating activities	5,169,909	498,417	27,992	(18,325)	1,456,468	(125)		
Cash flow from investing activities	(297,550)	(300,771)	446,045	417,421	(1,080,087)	(130,941)		
Cash flow from financing activities (dividends to NCI: QR 49 million)	(2,074,439)	(296,467)	(502,527)	(195,304)	(552,218)	130,941		
Effect of forex in cash	-	11,521	-	-	-	-		
Net increase /(decrease) in cash and cash equivalents	2,797,920	(87,300)	(28,490)	203,792	(175,837)	(125)		

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38. Non-controlling interests (continued)

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		
Net assets attributable NCI	16,550,940	2,927,085	5,443,680	2,819,999	6,869,495	(2,930,664)	31,680,535
Revenue	7,399,718	2,998,325	-	-	13,245,434		
Total comprehensive income	1,988,740	(319,153)	532,213	94,716	777,847		
Profit / (loss) allocated to NCI	984,019	(286,845)	183,880	46,411	582,009	(18,670)	1,490,804
OCI allocated to NCI	(9,537)	(353)	-	-	40,269	13,114	43,493
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	(121,094)	39,470	(577,657)	227,956	(1,101,959)		

39. Operating segments

The Group is mainly engaged in exploration, production and sale of oil & gas products. More than 86% of the Group's revenue for the year ended 31 December 2021 is generated through a single segment i.e. exploration, production and sale of oil & gas products. Revenue from two major customers of the Group represents approximately 21% and 9% of the Group's total revenue for the year ended 31 December 2021. Further, 99.6% of the Group's revenues for the year ended 31 December 2021 and 93% of total assets as at 31 December 2021 are from the components based in the State of Qatar.

40. Dividend

During the year, QatarEnergy has distributed a dividend of QR 42,688 million for the financial year 2020 (2020: QR 66,000 million for the financial year 2019) based on the governing law.

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 property, plant and equipment amounting QR 4,033 million (2020: QR 130 million) to intangible assets.
- Transfer from property, plant and equipment amounting QR 11 million (2020: QR 43 million) to investment property.
- Transfer from other current assets amounting to QR 225 million (2020: Nil) to other non-current assets (project under development).
- Recognition of additional right of use assets and lease liability amounting to QR 464 million (2020: QR 1,013 million).
- Transfer from other non-current assets (project under development) amounting to QR Nil (2020: QR 1,693 million) to property, plant and equipment.

42. Subsequent events

Acquisition of QG1 Upstream and QG1 Downstream

The Group entered into an End of Term Agreement with other partners of QG1 Upstream and shareholders of QG1 Downstream, which is effective 1 January 2022. By virtue of End of Term Agreement, QG1 DPSA and QG1 JVA stand expired as of 31 December 2021 and the Group obtained control over QG1 Upstream and QG1 Downstream respectively, with effect from 1 January 2022. Further, the Group agreed to pay QR 87.36 million (USD 24 million) to the outgoing joint operators in case of QG1 Upstream and QR 91 million (USD 25 million) to the outgoing shareholders of QG1 Downstream. The operations of QG1 Upstream were merged with the operations of QG1 Downstream as of 1 January 2022 (Note 8(a) and Note 8(b)).

The Group also granted a license to QG1 Downstream to (i) conduct petroleum operations and (ii) use the licensed facilities under the terms and conditions set out in the Concession and Facilities License Agreement effective from 1 January 2022.

There were no other subsequent events which have a bearing on the understanding of the audited consolidated financial statements.

43. Comparative figures

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.