GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

AS AT AND FOR THE YEAR ENDED

31 DECEMBER 2018

GULF INTERNATIONAL SERVICES Q.P.S.C.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Gulf International Services Q.P.S.C.

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Gulf International Services Q.P.S.C (the 'Company'), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report on audit of consolidated financial statements – Gulf International Services Q.P.S.C. (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	How the matter was addressed in our audit
<u>Impairment of property and equipment</u> – refer to note 6 of the consolidated financial statements. We focused on this area because: • The carrying value of the Group's drilling rigs and related assets, that are subject to impairment testing and included within "Property and equipment" as at 31 December 2018 was QR 4,950 million This represents 49% of the Group's total assets, hence a material portion of the consolidated statement of financial position. The impairment loss recognised during the year amounts to QR 113 million. • As a result of the deceleration of the oil and gas industry mainly due to unstable oil prices and linkage of some of the contracts with the crude oil prices, there is increased likelihood of impairment of these assets. • There is increased complexity in forecasting future cash flows in the drilling industry due to the nature of its operations and prevailing market conditions, hence we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Understanding the Group's process of identifying indicators of impairment in drilling rigs and related assets; • Assessing the competence and capabilities of the staff in the Group who performed the technical assessment of recoverable amounts; • Involving our own valuation specialists to support us in challenging the recoverable amounts derived by the Group, in particular: and - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in the impairment model including utilization of rigs and related assets, growth rates, operating margins, discount rate, etc. • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

Independent auditor's report on audit of consolidated financial statements – Gulf International Services Q.P.S.C. (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Valuation of insurance contract liabilities – refer to note 12 and 21 of the consolidated financial statements We focused on this area because: • The Group's insurance contract liabilities represents 7.5% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned contributions. • The valuation of these insurance liabilities involves significant judgement regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ('IBNR') and unearned premium reserves ('UPR) involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Testing the design and operating effectiveness of the key controls around reserving process, reported claims, unreported claims and unearned contribution; • Testing a sample of outstanding claims and related reinsurance recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; • Assessing the competence and capabilities of the management expert appointed by the Group; • Engaging our own an actuarial specialist to evaluate appropriateness of the methodology and the actuarial estimates of the management's expert , in particular: - Assessing and challenging the key reserving assumptions including loss ratios, frequency and severity of claims, and reasonableness of estimates made by the Group; and - Evaluating whether reserving was consistent in approach, with sufficient justification for changes in assumptions. • Evaluating the historical accuracy of the development of outstanding claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by management; and • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
<u>Transition to IFRS 15 Revenue from Contracts with Customers</u> – refer to note 3 of the consolidated financial statements We focused on this area because: • The Group has multiple revenue streams, which required a detail assessment of performance obligations to recognise revenue under IFRS 15. • The impact assessment of IFRS 15 involves detailed analysis of underlying data and contracts and requires thorough understanding of the provisions of the standard. • The transition to IFRS 15 has resulted in an adjustment of QR 25.91 million to the Group's retained earnings as at 1 January 2018, hence, we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 15 and our understanding of the different sources of revenue of the Group; • Testing the reasonableness of the management's key judgements and estimates made in adopting IFRS 15, including selection of methods, models and assumptions; • Assessing the appropriateness of management's revenue recognition under IFRS 15 across significant revenue streams for a sample of contracts; • Evaluating the completeness, accuracy and relevance of data used in the calculations; and • Evaluating the completeness, accuracy and relevance of disclosures required when transiting to IFRS 15.

Independent auditor's report on audit of consolidated financial statements – Gulf International Services Q.P.S.C. (continued)

Key Audit Matters (continued)

<table>
<tr><th>Description of key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
<u>Impairment of goodwill</u> – refer to note 7 of the consolidated financial statements
The Group has recognised goodwill in the amount of QR 303.56 million.
The goodwill arise as a result of acquisitions of a Group's subsidiary which is a separate cash-generating unit (CGU) of the Group.
The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecasted cash flow models. This model use several key assumptions, including estimates of projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate).
</td><td>
Our audit procedures in this area included, among others:

Assessing the competence and capabilities of the staff within the Group who performed the impairment evaluation of the goodwill;
Involving our own valuation specialists to support us in challenging the recoverable amount derived by the Group; and

Assessing the appropriateness of the methodology used by the Group to assess impairment; and
Assessing the appropriateness of the key assumptions used in impairment model including projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate) etc.

Evaluating the adequacy of the consolidated financial statement disclosures including the disclosures of key assumptions and judgments.

</td></tr>
</table>

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 were audited by another auditor, whose audit report dated 7 February 2018 expressed an unmodified audit opinion thereon.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report (the "Annual Report"), but does not include the Company's consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditor's report on audit of consolidated financial statements – Gulf International Services Q.P.S.C. (continued)

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, when it becomes available, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent auditor's report on audit of consolidated financial statements – Gulf International Services Q.P.S.C. (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report on audit of consolidated financial statements – Gulf International Services Q.P.S.C. (continued)

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the applicable provisions of Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2018.

13 February 2019
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

As at 31 December 2018 In thousands of Qatari Riyals

	Note	2018	2017
ASSETS			
Non-current assets			
Property and equipment	6	6,720,311	7,219,761
Goodwill	7	303,559	303,559
Intangible asset		-	1,112
Contract assets	24	9,290	-
Equity-accounted investees	8	880	-
Financial investments	9	226,390	390,953
Total non-current assets		7,260,430	7,915,385
Current assets			
Inventories	10	216,289	202,116
Contract assets	24	18,632	-
Due from related parties	23 (b)	477,269	433,549
Financial investments	9	289,414	201,029
Trade and other receivables	11	599,842	467,294
Reinsurance contract assets	12	406,915	257,386
Short term investments	13	244,521	262,568
Cash and bank balances	14	643,941	689,149
Total current assets		2,896,823	2,513,091
TOTAL ASSETS		**10,157,253**	10,428,476
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	1,858,409	1,858,409
Legal reserve	16	364,698	359,410
General reserve	17	74,516	74,516
Foreign currency translation reserve		(11,501)	36
Fair value reserve		(7,536)	(3,692)
Retained earnings		1,253,475	1,389,884
Total equity		3,532,061	3,678,563
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	4,061,868	4,247,662
Contract liabilities	24	15,664	-
Provision for decommissioning costs	19	41,598	25,954
Provision for employees' end of service benefits	20	80,217	76,757
Total non-current liabilities		4,199,347	4,350,373
Current liabilities			
Bank overdraft	14	1,408	-
Dividends payable	22	86,464	95,346
Loans and borrowings	18	934,697	897,803
Trade and other payables	21	660,578	743,996
Due to related parties	23 (c)	28,283	8,312
Reinsurance contract liabilities	12	677,391	611,186
Contract liabilities	24	37,024	-
Provision for decommissioning costs	19	-	42,897
Total current liabilities		2,425,845	2,399,540
Total liabilities		6,625,192	6,749,913
TOTAL EQUITY AND LIABILITIES		**10,157,253**	10,428,476

These consolidated financial statements were approved by the Company's Board of Directors and signed on its behalf by the following on 13 February 2019:

Khalid Bin Khalifa Al-Thani
Chairman

For / **Suleiman Haidar Al-Haider**
Vice-Chairman

The notes on pages 14 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018 In thousands of Qatari Riyals

	Note	**2018**	2017
Revenue	24	2,519,180	2,402,869
Direct costs	25	(2,115,216)	(1,952,045)
Gross profit		**403,964**	450,824
Other income	26	50,874	36,840
General and administrative expenses	28	(213,584)	(222,295)
(Reversal of Impairment)/ Impairment loss on financial assets	11.2	16,305	(23,984)
Other expenses	27	(159,445)	(11,530)
Operating profit		**98,114**	229,855
Finance income		29,152	27,514
Finance cost		(225,347)	(172,389)
Net finance cost		(196,195)	(144,875)
Share of loss of equity-accounted investees, net of tax	8	(188)	-
(Loss) / profit for the year		**(98,269)**	84,980
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at Fair Value Through Other Comprehensive Income (FVTOCI) – change in fair value		(5,985)	-
Items that are or may be reclassified subsequently to profit or loss			
Available for sale financial assets – net change in fair value		-	(15,931)
Foreign operations – foreign currency translation difference		(11,537)	(1,289)
Other comprehensive income for the year		**(17,522)**	(17,220)
Total comprehensive income for the year		**(115,791)**	67,760
Earnings per share			
Basic and diluted earnings per share (Qatari Riyals)	29	**(0.53)**	0.46

The notes on pages 14 to 78 are an integral part of these consolidated financial statements.

GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2017	1,858,409	352,294	74,516	1,325	12,239	1,499,985	3,798,768
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	84,980	84,980
Other comprehensive income	-	-	-	(1,289)	(15,931)	-	(17,220)
Total comprehensive income	-	-	-	(1,289)	(15,931)	84,980	67,760
Transfer to legal reserve	-	7,116	-	-	-	(7,116)	-
The Social and Sport Contribution Fund	-	-	-	-	-	(2,124)	(2,124)
Dividends declared (Note 22)	-	-	-	-	-	(185,841)	(185,841)
Balance at 31 December 2017	1,858,409	359,410	74,516	36	(3,692)	1,389,884	3,678,563
Balance at 31 December 2017, as previously reported	1,858,409	359,410	74,516	36	(3,692)	1,389,884	3,678,563
Adjustment on initial application of IFRS 9 (Note 3)	-	-	-	-	2,141	(6,945)	(4,804)
Adjustment on initial application of IFRS 15 (Note 3)	-	-	-	-	-	(25,907)	(25,907)
Adjusted balance at 1 January 2018	1,858,409	359,410	74,516	36	(1,551)	1,357,032	3,647,852
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(98,269)	(98,269)
Other comprehensive income	-	-	-	(11,537)	(5,985)	-	(17,522)
Total comprehensive income	-	-	-	(11,537)	(5,985)	(98,269)	(115,791)
Transfer to legal reserve	-	5,288	-	-	-	(5,288)	-
Balance at 31 December 2018	1,858,409	364,698	74,516	(11,501)	(7,536)	1,253,475	3,532,061

The notes on pages 14 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018 In thousands of Qatari Riyals

	Note	2018	2017
OPERATING ACTIVITIES			
(Loss) / profit for the year		(98,269)	84,980
Adjustments for:			
Depreciation	6	489,062	487,277
Amortisation		1,112	1,112
Impairment of property and equipment	6.4	113,214	10,920
Provision for employees' end of service benefits	20	19,427	16,406
Gain on disposal of property and equipment		-	(2,713)
Write-off of property and equipment		36,768	-
Net movement of financial assets at fair value through profit or loss		(12,387)	(4,129)
Net gain from disposal of financial investments		(9,006)	(3,702)
Amortisation of finance cost related to borrowings		7,205	(8,754)
Reversal of provision for decommissioning costs, net of provision	19	(27,253)	(23,237)
Provision for slow moving inventories, net of reversals	10	780	7,705
(Reversal of impairment)/ Impairment loss on financial assets	11.2	(16,305)	23,984
Movement in unearned premiums		(45,360)	66,549
Profit distribution from managed investment funds		(4,116)	(2,204)
Share of loss of joint venture		188	-
Impairment of investment in joint venture		221	-
Finance income		(29,152)	(27,514)
Finance costs		225,347	172,389
Dividend income		(4,370)	(2,040)
		647,106	797,029
Changes in:			
Inventories		(14,953)	8,793
Contract assets		(130)	-
Contract liabilities		(1,011)	-
Trade and insurance receivables, prepayments and due from related parties		(223,104)	114,696
Trade and insurance payables, accruals and due to related parties		42,036	(190,921)
Cash generated from operations		**449,944**	729,597
Employees' end of service benefits paid	20	(15,967)	(10,443)
Net cash generated from operating activities		**433,977**	719,154
INVESTING ACTIVITIES			
Acquisition of property and equipment	6	(237,492)	(380,701)
Acquisition of financial investments		(187,582)	(165,861)
Net movement in term deposits with maturities in excess of three months		16,914	(262,568)
Interest received		24,137	27,514
Proceeds from disposal and maturity of financial assets		278,979	187,326
Proceeds from written off of property and equipment		487	4,315
Net movement in cash at banks – restricted for dividend		29,399	(29,752)
Profit distribution from managed investment funds	26	4,116	2,204
Dividend received	26	4,370	2,040
Investment in joint venture		(1,289)	-
Net cash used in investing activities		**(67,961)**	(615,483)

The notes on pages 14 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018 In thousands of Qatari Riyals

	Note	**2018**	2017
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	18	795,038	629,817
Repayment of loans and borrowings	18	(951,143)	(1,045,432)
Dividends paid	22	(8,882)	(190,705)
Finance cost paid		(217,438)	(172,389)
Net cash used in financing activities		**(382,425)**	(778,709)
Net decrease in cash and cash equivalents		**(16,409)**	(675,038)
Change in foreign currency reserve		(773)	(1,289)
Cash and cash equivalents at 1 January	14	559,187	1,235,514
Cash and cash equivalents at 31 December	14	**542,005**	559,187

The notes on pages 14 to 78 are an integral part of these consolidated financial statements.

For the year ended 31 December 2018 In thousands of Qatari Riyals

1. REPORTING ENTITY

Gulf International Services Q.P.S.C. (the "Company") is a Company incorporated on 13 February 2008 in the State of Qatar under the commercial registration number 38200 as a Qatari Shareholding Company. The principal activity of the Company is to operate as a holding company. As per the Extra Ordinary General Assembly Resolution and in accordance with the new Qatar Commercial Companies Law No 11 of 2015, the legal form of the Company has been changed to Qatari Public Joint Stock Company (Q.P.S.C.). The registered office of the Company is situated in Doha, State of Qatar.

These consolidated financial statements comprise of the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in provision of drilling, aviation, insurance and reinsurance and catering services (refer Note 31)

The Company was initially incorporated by Qatar Petroleum ("QP") as a sole shareholder with an initial capital of QR 5 million on 13 February 2008 which is the date of incorporation of the Company.

On 26 May 2008, QP listed 70% of the Company's issued share capital on Qatar Exchange. An extraordinary general assembly held on 4 November 2012 approved the amendments to the Articles of Association in which it increased the ownership limit of General Retirement and Social Insurance Authority (GRSIA). Subsequently, as per the instructions of the Supreme Council of Economic Affairs, QP divested 20% of its stake in the Company to the GRSIA. However, QP is the ultimate parent of the Company as it holds special share and thus controls the Company.

These consolidated financial statements comprise the financial statements of the Company and below stated unlisted wholly owned direct subsidiaries as at the end of the reporting date:

			Percentage of holding	
Name of the Company	**Relationship**	**Country of incorporation**	**2018**	**2017**
Al Koot Insurance & Reinsurance Company P.J.S.C. (Al Koot)	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Limited. Q.C.S.C. (Amwaj)	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company Q.C.S.C. (GHC)	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited Q.C.S.C. (GDI)	Subsidiary	Qatar	100%	100%

Also, these consolidated financial statements includes the share of profit/ loss and other comprehensive income from joint ventures accounted for using equity method and fully consolidates the sub-subsidiaries of one of the Company's subsidiary on line by line basis:

			Percentage of holding	
Name of the Company	**Relationship**	**Country of incorporation**	**2018**	**2017**
United Helicharters Private Limited	Joint venture	India	62%	36%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
Al Maha Aviation Company	Subsidiary	Libya*	92%	92%
Gulf Helicopter Company L.L.C.	Subsidiary	Oman**	-	70%
Redstar Havacilik Hizmetleri A.S.	Subsidiary	Turkey*	49%	49%
Gulf Helicopters Investment & Leasing Company	Subsidiary	Morocco	100%	-

*The Group fully (100%) consolidated the above entities because the local owners do not have extensive knowledge of the aviation industry and they deferred to the Group the overall management, operations and benefits of these entities.

1. REPORTING ENTITY (CONTINUED)

** On 24 December 2014 the owners applied to cancel the commercial registration of Gulf Helicopters Company L.L.C. which is completed during the current year.

Where necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring their accounting policies in line with those used by the Company. All intra-company transactions, balances, income and expenses were eliminated on consolidation.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial reporting standards, (“IFRS”).

This is the first set of consolidated financial statements where IFRS 9 – “Financial Instruments” and IFRS 15 – “Revenue from Contracts with Customers” have been applied. Changes to significant accounting policies are described in Note 3.

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial investments that are measured at fair value at the end of each reporting period.

c) Functional and presentational currency

These consolidated financial statements are presented in Qatari Riyal, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Use of Judgment and estimates

In preparing these consolidated financial statements, management has made judgements and estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

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 material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Depreciation of property and equipment
Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, technological or commercial obsolescence and impacts the annual depreciation charge recognized in the consolidated financial statements. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of Judgment and estimates (continued)

Impairment of non-financial assets (other than inventories)
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there are any indications of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management identified evidence from external factors and internal reporting indicating impairment of an asset or class of assets. The recoverable amounts of CGUs have been determined as higher of fair value less cost to sell and value-in-use. These calculations require the use of significant estimates and assumptions about the future, which could impact the recoverable amount and the conclusion that no impairment is required.

Goodwill impairment assessment
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4(d). The recoverable amounts of CGUs have been determined as higher of fair value less cost to sell and value-in-use. These calculations require the use of significant estimates and assumptions about the future, which could impact the goodwill and the conclusion that no goodwill impairment is required.

Provision for expected credit losses of financial assets
The Group uses a provision matrix to calculate Expected Credit Loss (ECLs) for its financial assets. The provision rates for trade receivables and accrued income (including related parties) are based on days past due for the Group's various customer segments that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Provision for decommissioning
As part of the identification and measurement of assets and liabilities, the Group has recognised a provision for decommissioning obligations associated with a leased land buildings. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the assets from the site and the expected timing of those costs, further disclosed in Note 19.

Liability adequacy test
At the end of each reporting period, the Group assesses whether it's recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future claims flows, the entire deficiency is immediately recognized in the consolidated statement of profit or loss.

Provision for outstanding claims
Considerable judgement by management is required in the estimation of amounts due to policyholders 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 judgement 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 the 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 quarterly basis.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of Judgment and estimates (continued)

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 recognised 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.

Reinsurance contract
The Group is exposed to disputes with, and possibility of defaults by, its reinsurance companies. The Group monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurance companies.

Revenue from contracts with customers
Judgments have been applied to determine the performance obligations and recognize the revenue, when Group transfers control over a good or service to a customer, in determining the timing of the transfer of control – at a point in time or over time, further explained in note 3 and 24.

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to the accounting policy “Financial instruments” in Note 3 (f)). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

Assessment of whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets and features that modify consideration of the time value of money.

For the year ended 31 December 2018 In thousands of Qatari Riyals

2. BASIS OF PREPARATION (CONTINUED)

e) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard that are available for early adoption for financial years beginning after 1 January 2018 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2019	• *IFRS 16 "Leases"* • *Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 "Uncertainty over Tax Treatments"* • *Amendments to IFRS 9 "Financial Instruments" on prepayment features with negative compensation* • *Amendments to IAS 28 "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures* • *Amendments to IAS 19 "Employee Benefits" on plan amendment, curtailment or settlement* • *Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle*
Effective for year beginning 1 January 2020	• *Amendments to references to conceptual framework in IFRS standards*
Effective for year beginning 1 January 2021	• *IFRS 17 "Insurance Contracts"*
Effective date deferred indefinitely / available for optional adoption	• *Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture*

Management of the Group does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Group's consolidated financial statements, except for the standards as explained below.

IFRS 16 Leases

The Group is required to adopt IFRS 16 – Leases from 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17- Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC – 15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the impact on initial application of IFRS 16 as at 1 January 2019 on its consolidated financial statements.

2. BASIS OF PREPARATION (CONTINUED)

e) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption (continued)

IFRS 17 Insurance contracts (effective 1 January 2022)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. For general insurance contracts, IFRS 17 introduces new accounting estimates such as mandatory discounting of loss reserves expected to be paid in more than one year, risk adjustment and related confidence level equivalent disclosure. IFRS 17 is expected to have material impact on the long-term policies written by the Group as well as revenue recognition under insurance contracts. The principal of IFRS 17 is the general model, appended by:

a) a specific adaptation for contracts with direct participation features (the variable fee approach)
b) A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures restatement required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group has no plans to early adopt IFRS 17 prior to its mandatory application date.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations effective from 1 January 2018

The Group has initially applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards, if any, except for separately presenting impairment loss/ reversals on financial assets.

The effect of initially applying these standards is mainly attributed to the following:

- Delayed recognition of revenue from / and cost of mobilization service (over the term of contract);
- Earlier recognition of revenue from / and cost of demobilization services (over the term of contract); and
- An increase in impairment losses recognized on financial assets.

i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

For the year ended 31 December 2018 In thousands of Qatari Riyals

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations effective from 1 January 2018 (continued)

i) IFRS 15 Revenue from Contracts with Customers (continued)

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The following table summarises the impact of transition to IFRS 15 on retained earnings at 1 January 2018.

Retained earnings	**Impact of adopting IFRS 15 at 1 January 2018**
Revenue from mobilization services recognized over time	(52,040)
Mobilization cost recognized over time	17,720
Revenue from demobilization services recognized over time	10,072
Demobilization cost recognized over time	(1,659)
Impact at 1 January 2018	**(25,907)**

The following tables summarises the impact of adopting IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income for the year then ended for each of the line items affected. There was no material impact on the Group's consolidated statement of cash flows for the year ended 31 December 2018.

Impact on the consolidated statement of financial position:

	As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Assets			
Contract assets	9,290	(9,290)	-
Non-current assets	**7,260,430**	**(9,290)**	**7,251,140**
Contract assets	18,632	(18,632)	-
Current assets	**2,896,823**	**(18,632)**	**2,878,191**
Total assets	**10,157,253**	**(27,922)**	**10,129,331**
Equity			
Retained earnings	1,253,475	24,766	1,278,241
Total equity	**3,532,061**	**24,766**	**3,556,827**
Liabilities			
Contract liabilities	15,664	(15,664)	-
Non-current liabilities	**4,199,347**	**(15,664)**	**4,183,683**
Current liabilities	37,024	(37,024)	-
Current liabilities	**2,425,845**	**(37,024)**	**2,388,821**
Total equity and liabilities	**10,157,253**	**(27,922)**	**10,129,331**

For the year ended 31 December 2018 In thousands of Qatari Riyals

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations effective from 1 January 2018 (continued)

i) IFRS 15 Revenue from Contracts with Customers (continued)

Impact on consolidated statement of profit or loss and other comprehensive income:

	As reported	Adjustments	Amounts without adoption of IFRS 15
Revenue	2,519,180	(5,958)	2,513,222
Direct costs	(2,115,216)	6,251	(2,108,965)
Gross profit	403,964	293	404,257
Loss for the year	**(98,269)**	**293**	**(97,976)**

For additional information about the Group's accounting policies relating to revenue see Note 24.

ii) IFRS 9 Financial Instruments

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

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. Previously, the Group's approach was to include the impairment of financial assets in general and administrative expenses. Consequently, the Group reclassified impairment losses amounting to QR 23,984, recognised under IAS 39, from 'general and administrative' to '(Reversal of impairment)/ impairment of financial assets' in the consolidated statement of profit or loss for the year ended 31 December 2017.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below.

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

	Opening retained earnings	Cumulative change in fair value reserves
Adjustments on initial application of IFRS 9		
Balance as at 1 January 2018	**1,389,884**	**(3,692)**
Transfer of AFS Equity (IAS 39) to FVTPL (IFRS 9)	(5,861)	5,861
Transfer of AFS Equity (IAS 39) to FVTOCI (IFRS 9)	4,565	(4,565)
Less: Adjustment for applying ECL on date of initial application		
Financial assets measured at amortised cost	(4,804)	-
Financial assets measured at fair value through other comprehensive income	(845)	845
Impact of initial application of IFRS 9	(6,945)	2,141
Impact of initial application of IFRS 15 (Note 3(i))	**(25,907)**	**-**
Restated balance as at 1 January 2018	**1,357,032**	**(1,551)**

For the year ended 31 December 2018 In thousands of Qatari Riyals

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations effective from 1 January 2018 (continued)

ii) IFRS 9 Financial Instruments (continued)

a) Classification and measurement of financial assets and liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, please refer Note 4.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018, if any, relates solely to the new impairment requirements.

Financial assets

	Original classification under IAS 39	Original classification under IFRS 9	Original carrying amount under IAS 39	Expected credit loss allowance recognised under IFRS 9	New carrying amount under IFRS 9
Shares in Qatari public shareholding companies	AFS	FVTPL	88,613	-	88,613
Held for Trading – debt securities	FVTPL	FVTPL	201,029	-	201,029
Managed investment fund and unquoted shares	AFS	FVTOCI	71,554	-	71,554
Debt securities – quoted	AFS	FVTOCI	213,643	(845)	212,798
Investment in securities	AFS	FVTOCI	13,560	-	13,560
Debt securities – quoted	Loans and receivables	Amortised cost	3,583	(5)	3,578
Insurance contract receivables	Loans and receivables	Amortised cost	257,386	-	257,386
Bank balances and deposits (including short term investments)	Loans and receivables	Amortised cost	951,617	(1,166)	950,451
Due from related parties	Loans and receivables	Amortised cost	433,549	(9)	433,540
Trade and other receivables (excluding prepayments and advances)	Loans and receivables	Amortised cost	433,018	(3,624)	429,394
			2,667,552	**(5,649)**	**2,661,992**

For the year ended 31 December 2018 In thousands of Qatari Riyals

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations effective from 1 January 2018 (continued)

ii) IFRS 9 Financial Instruments (continued)

a) Classification and measurement of financial assets and liabilities (continued)

Financial assets (continued)

Financial assets (Equity investments) at FVTPL

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

Financial assets at FVTOCI

These assets comprise of debt and equity investments. These assets are subsequently measured at fair value. For debt investments, interest income is 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. For equity investments, dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at Amortized cost

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

*Trade and other receivables, due from related parties and bank balances that were previously classified as loans and receivables under IAS 39 are now classified at amortised cost as per IFRS 9.

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Therefore, the application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Under IFRS 9
Trade payables, accruals and other payables	Other financial liabilities	Other financial liabilities	450,431	450,431
Due to related parties	Other financial liabilities	Other financial liabilities	8,312	8,312
Dividends payable	Other financial liabilities	Other financial liabilities	95,346	95,346
Due to insurance and re-insurance companies	Amortised cost	Amortised cost	125,398	125,398
Reinsurance contract liabilities	Amortised cost	Amortised cost	611,186	611,186
Loans and borrowings	Amortised cost	Amortised cost	5,145,465	5,145,465
Total financial liabilities			**6,436,138**	**6,436,138**

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations effective from 1 January 2018 (continued)

ii) IFRS 9 Financial Instruments (continued)

b) Impairment of financial assets

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

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

c) Transition

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances

- The determination of the business model within which a financial asset is held.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (See also Note 3).

a) Basis of consolidation

Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

Loss of control

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

Interest in equity accounted investees

The Group's interests in equity-accounted investees comprise of interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity- accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

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

b) Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditure

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

Depreciation

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Property and equipment (continued)

Depreciation (continued)

The estimated useful lives of the asset are as follows:

Buildings	10 - 20 years
Aircrafts	5 - 10 years
Plant and machinery	2 - 7 years
Rigs	15 - 30 years
Other property and equipment:	
Ground and radio equipment and tools	4 - 6 years
Motor vehicles	4 - 5 years
Furniture, fixtures and office equipment	3 - 7 years
Computers	3 years

Derecognition

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

Capital work in progress

Capital work-in-progress is stated at cost. When the asset is ready for its intended use, it is transferred from capital work-in-progress to appropriate category and is carried out in accordance with the Group's policies.

Impairment

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Replacement cost

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets (continued)

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated statement of profit or loss when the asset is derecognised.

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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.

d) Goodwill

Goodwill is measured as the excess of 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 equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts 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 the consolidated statement of profit or loss and other comprehensive income 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 units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit 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 cash-generating unit 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 the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Inventories

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the following methods:

- Drilling related inventories are calculated using weighted average method;
- Aviation related inventories are calculate using specific identification method; and
- Catering related inventories are calculated using First in First Out (FIFO) method.

f) Financial instruments

I. Recognition and initial measurement

Trade receivables and due from related parties are initially recognised when they are originated. Insurance contract receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

II. Classification and subsequent measurement

Financial assets – policy applicable from 1 January 2018

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

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

II. Classification and subsequent measurement (continued)

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. 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: policy applicable from 1 January 2018

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

- How the performance of the portfolio is evaluated and reported to the group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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

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

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

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

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

- Contingent events that would change the amount or timing of cash flows;
- Prepayment and extension features; and
- Terms that limit the group's claim to cash flows from specified assets (e.g. Non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

II. Classification and subsequent measurement (continued)

Financial assets – subsequent measurement and gains and losses: policy applicable from 1 January 2018

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.

Financial assets – policy applicable before 1 January 2018

The group classified its financial assets into one of the following categories:
- Loans and receivables;
- Held to maturity;
- Available for sale; and
- At FVTPL, and within this category as: -held for trading; derivative hedging instruments; or designated as at FVTPL.

Financial assets – subsequent measurement and gains and losses: policy applicable before 1 January 2018

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

II. Classification and subsequent measurement (continued)

Financial liabilities – classification, subsequent measurement and gains and losses

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

g) Claims and expense recognition

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 the consolidated statement of 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) 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 consolidated statement of 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.

i) 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 amortisation is recorded in the consolidated statement of profit or loss, the deferred portion of the acquisition costs is included in the 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 the consolidated statement of profit or loss. DAC are included as a part of the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed of.

j) Impairment

i) Non-derivative financial assets

Financial instruments and contract assets - Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI, if any; and
- Contract assets, if any.

No impairment loss is recognised for investments in equity instruments. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment (continued)

i) Non-derivative financial assets (continued)

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

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

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

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

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

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

The Group considers a debt security, if any, to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

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

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

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment (continued)

i) Non-derivative financial assets (continued)

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than contractual days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

For debt securities at FVOCI, if any, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is contractual days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Financial assets, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise
- indications that a debtor or issuer will enter bankruptcy; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets (receivables and cash at bank) at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment (continued)

i) Non-derivative financial assets (continued)

Financial assets measured at amortized cost (continued)

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

ii) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash in hand and short-term deposits. Short-term deposits held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, capable of being readily convertible to a known amount of cash and with an insignificant risk of changes in value are classified as cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of any outstanding bank overdrafts and restricted deposits.

l) Share capital

Ordinary shares issued by the Company are classified as equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Provisions

A provision is recognised when:

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

Provisions are determined by discounting to present value the future expenditures expected to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

Provision for decommissioning costs is recognized for the future renovation costs, costs of dismantling installations and restoring leased labour camps.

Liabilities for decommissioning costs are recognised when the Group has an obligation to restore the site to its original condition and when a reliable estimate of that liability can be made. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and expected outflow of economic resources to settle this obligation upon expiration of the lease agreement.

n) Employees' end of service benefits and pension entitlements

The Group provides end of service benefits to its expatriate employees in accordance with employment contracts and the Qatar Labour Law No. 14 of 2004. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, and are payable to the employees on termination of their employment with the Group. The expected costs of these benefits are accrued over the period of employment. The Group does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

The Group has no expectation of settling its employees' end of service benefits obligation within 12 months from the reporting date and, therefore, it has classified the obligation within non-current liabilities in the statement of financial position. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

o) Revenue recognition

Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Revenue recognition (continued)

Revenue from Contracts with Customers (continued)

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.

The Group has initially applied IFRS 15 from 1 January 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 24.

Finance income
Finance income is recognized using the effective interest method.

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 premiums 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 the consolidated statement of profit or loss and other comprehensive income in order that revenue is recognised over the period of risk.

Commission income is earned from the reinsurer for the premium ceded during the year. Similarly, the commission expense is incurred for the insurance companies for the reinsurance premium written.

p) Expenses recognition

Expenses are recognized in consolidated statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in statement of profit or loss when it produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statement of financial position as an asset, such as in the case of asset impairments.

q) Operating leases

Leases where the lessee does not retain substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) 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 (see Note 31).

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Parent Company assets and related general and administrative expenses and goodwill recognized on business combination.

s) Foreign currency

Foreign currency transactions

Transactions in foreign currencies during the year are translated into the functional currency of the Group companies at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in statement of profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill, if any and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyal at the average exchange rates of the reporting period.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interest (NCI).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

t) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

u) The Social and Sports Contribution Fund

Qatar Law no.13 of 2008 and the related clarifications issued in 2011 requires Qatari listed shareholding companies to pay 2.5% of its net profit to The Social and Sport Contribution Fund (Daam). In pursuant to this Law and further clarifications, the Group has not made an appropriation during the year (31 December 2017: QR 2,124), as it had incurred consolidated loss during the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Dividend distributions

Dividend distributions are at the discretion of the Group. A dividend distribution to the Group's shareholders is accounted for as a deduction from retained earnings. A declared dividend is recognised as a liability in the period in which it is approved in the meeting of the Board of Directors.

5. FINANCIAL RISK MANAGEMENT

a) Financial risk management

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

i) Insurance risk
ii) Credit risk
iii) Liquidity risk
iv) Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

i) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Regulatory framework risk
Regulators are primarily interested in protecting the rights of the policyholders and monitor these rights closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitor the activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the reinsurance companies to meet unforeseen liabilities as these arise.

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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

i) 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 is insurance 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 minimize financial exposure arising from large claims, the Group, 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 effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurance insolvencies, the Group evaluates 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.

Sources of uncertainty in the estimation of future claim payments
Claims on general insurance contracts are payable on a claims-occurrence basis. The Group 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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

i) Insurance risk (continued)

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 comprise 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 within one year.

Further information about the Group's exposure to insurance risk is provided in Note 32 (a).

ii) Credit risk

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

Bank balances
The Group has balances with credit worthy and reputable banks in Qatar with high credit ratings. Therefore, management believes that credit risk in respect of these balances is minimal. Further information about the Group's exposure to credit risk is provided in Note 32 (b).

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Further, information about the Group's exposure to liquidity risk is provided in Note 32 (c).

iv) Market risk

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

iv) Market risk (continued)

Currency risk
Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's interest rate risk on its assets arises from short-term fixed deposits that earn variable interest rates and expose the Group to cash flow interest rate risk. The Group’s cash in bank current accounts earn no interest and expose the Group to some insignificant fair value interest rate risk. The Group’s management monitors the interest rate fluctuations on a continuous basis and acts accordingly. Further information about the Group’s exposure to market risk is provided in Note 32 (d).

Equity price risk
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group’s equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment in securities.

The Group’s price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector. The Group has no significant concentration of price risk.

b) Capital management

The Group’s policy is to maintain a strong capital base so as to maintain shareholders, creditors and market confidence and to sustain future development of the business.

The capital structure of the Group consists of debt, which includes loans and borrowings, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, after fulfilling senior debt obligations, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2018.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Capital management (continued)

	2018	2017
Total borrowings (i)	4,996,565	5,145,465
Less: Cash and cash equivalents	(542,005)	(559,187)
Net debt	4,454,560	4,586,278
Total equity (ii)	3,532,061	3,678,563
Gearing ratio	**126%**	125%

(i) Total borrowings are defined as short and long term borrowings (loan and borrowings) as detailed in Note 18.

(ii) Total equity includes all capital, retained earnings and reserves of the Group that are managed as capital.

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6. PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Rigs and machinery	Other property and equipment	Capital work-in- progress	Total
Cost:						
At 1 January 2017	2,296	116,880	9,321,348	573,023	178,734	10,192,281
Additions	88,530	41,795	93,504	7,918	148,954	380,701
Transfers	-	85	70,968	196	(71,395)	(146)
Disposals	-	-	(14,150)	(902)	-	(15,052)
Write-offs	-	-	(13,104)	-	-	(13,104)
At 31 December 2017/ 1 January 2018	90,826	158,760	9,458,566	580,235	256,293	10,544,680
Additions	-	6,332	110,994	10,099	110,067	237,492
Transfers	-	-	145,850	10,607	(156,457)	-
Disposals	-	-	(151)	(356)	-	(507)
Write-offs	-	(12,067)	(22,775)	(24,154)	(5,087)	(64,083)
Transfer to other assets (Note 6.2)	-	-	-	-	(85,979)	(85,979)
Foreign currency translation	-	-	(14,371)	(1,225)	(251)	(15,847)
At 31 December 2018	**90,826**	**153,025**	**9,678,113**	**575,206**	**118,586**	**10,615,756**
Accumulated depreciation and accumulated impairment losses:						
At 1 January 2017	-	71,725	2,465,761	315,936	-	2,853,422
Depreciation charge for the year (Note 6.3)	-	8,353	400,901	78,023	-	487,277
Disposals	-	-	(25,074)	(898)	-	(25,972)
Write-offs	-	-	(728)	-	-	(728)
Impairment loss (Note 6.4)	-	-	10,920	-	-	10,920
At 31 December 2017/ 1 January 2018	-	80,078	2,851,780	393,061	-	3,324,919
Depreciation charge for the year (Note 6.3)	-	6,854	417,944	64,264	-	489,062
Disposals	-	-	(151)	(356)	-	(507)
Write-offs	-	(4,324)	(12,618)	(9,886)	-	(26,828)
Impairment loss (Note 6.4)	-	-	113,214	-	-	113,214
Foreign currency translation	-	-	(3,518)	(897)	-	(4,415)
At 31 December 2018	**-**	**82,608**	**3,366,651**	**446,186**	**-**	**3,895,445**
Net book value:						
31 December 2018	**90,826**	**70,417**	**6,311,462**	**129,020**	**118,586**	**6,720,311**
31 December 2017	90,826	78,682	6,606,786	187,174	256,293	7,219,761

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6. PROPERTY AND EQUIPMENT (CONTINUED)

6.1 Freehold land mainly includes a plot of land acquired by Al Koot Insurance and Reinsurance Company P.J.S.C. for the purpose of setting up an administrative and operations office.

6.2 The Group's lift boat, Rumailah, had a punch through while being positioned in the Al Shaheen field on 5 July 2015. During 2017, the Group contracted a contractor to perform the repairs on the lift boat. These repairs are covered under the insurance and the Group has transferred QR 85.9 million from property and equipment to trade and other receivables (Note 11) as of 31 December 2018 based on the confirmation received from the insurance company to settle that portion of claim lodged.

6.3 Depreciation charge for the year has been included in the consolidated statement of profit or loss as follows:

	2018	2017
Direct costs	482,399	479,858
General and administrative expenses (Note 28)	6,663	7,419
	489,062	487,277

6.4 During the year, the management has carried out an assessment for impairment of its rigs in light of the current economic conditions surrounding the oil prices and market rates of rigs in the country. The Group considers each of its drilling rig, lift boat and accommodation barges as individual CGU. Considering the external indicators, the management has impaired drilling rig Al Doha which had been off contract since January 2018 and was deemed to be unmarketable in its present condition by the Group.

The recoverable amount of this asset was based on fair value less cost to sell which is determined on the basis of sale proceeds estimated by the management. The carrying amount of the asset was determined to be higher than its recoverable amount of QR 9.1 million and hence, an impairment loss of QR 113.2 million was recognized during the current year (2017: QR 10.92 million) was recognised. The impairment loss was included in ‘Other expenses’ in Note 27 in the consolidated statement of profit or loss.

6.5 One of the aircrafts (bell 412) of the Group, having a carrying amount of QR 13.5 million as at 31 December 2018, was operating within the geographical boundaries of Kingdom of Saudi Arabia at the time of the blockade of State of Qatar by some of the GCC countries. The aircraft was operating with Saudi Aramco and was declared inaccessible to the Group subsequent to the blockade. The management has initiated the process of retrieving the aircraft back to Qatar, and is in discussion with the insurer for covering the cost of shipment of the aircraft.

7. GOODWILL

	2018	2017
Goodwill - at Cost	303,559	303,559
Accumulated impairment loss	-	-
	303,559	303,559

On 31 May 2012, the Group acquired 100% shares of Amwaj Catering Services Limited Q.C.S.C. (the “Acquiree”) a company incorporated in the State of Qatar. The Acquiree is engaged in catering and related activities inside the State of Qatar. The Group had obtained control over the subsidiary in accordance with the Sale and Purchase Agreement effective from 1 June 2012, resulting in a goodwill of QR 303,559.

Goodwill related to the acquisition has been allocated to Amwaj operations as CGU. The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of Directors covering a five year period. According to this exercise, present value of future cash flows was in excess of carrying amount of the investment. The following are the key assumptions used and significant judgments applied in determination of present value of future cash flows:

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7. GOODWILL (CONTINUED)

Description:	**2018**	2017
Projection period	**5 years**	5 years
Terminal growth rate	**3%**	3%
Discount rate – pre-tax	**11.02%**	10.0%
Profit margins	**2.6% to 8.3%**	4.8% to 7.2%
Average revenue growth rate (over the projection period)	**10%**	10%

- Value in use calculations use pre-tax cash flow projections based on financial budgets approved by Board of Directors of Amwaj covering a five-year period.
- Cash flows beyond the five-year period are considered assuming that Amwaj will continue in business and term of Amwaj will be extended/renewed after the expiry.
- The terminal growth rate used does not exceed the long term average growth rate for the catering industry in which Amwaj operates.
- The pre-tax discount rate applied is the weighted average cost of capital specific to the catering industry and is adjusted for debt equity ratio.
- Management determined budgeted margins based on past performance and its expectations of market development.
- The growth rates used are consistent with the forecasts approved by the Board of Directors.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

8. EQUITY-ACCOUNTED INVESTEES

	2018	2017
Investment in joint ventures	**880**	-

The Group has investment in below joint ventures:

i. United Helicharters Private Limited
ii. Gulf Med Aviation Services Limited

United Helicharters Private Limited (UHPL):

UHPL is a joint venture in which the Group has joint control and a 62% (2017: 36%) beneficial ownership interest. During the current year, the Group has raised its beneficial equity ownership from 36% to 62%. UHPL is one of the Group's customers and is principally engaged in helicopter Services in India. UHPL is not publicly listed.

UHPL is structured as a separate legal entity and the Group has a residual interest in the net assets of UHPL. Accordingly, the Group has classified its interest in UHPL as a joint venture. Although, the Group owns 62% of the equity interest in the joint venture, the Group does not have any control over the decision making of the joint venture.

The Group's investment in UHPL is held in name of the ultimate parent company, Qatar Petroleum, which owns this investment for the beneficial interest of the Company.

Gulf Med Aviation Services Limited (GASL):

GASL is a joint venture in which the Group has joint control and a 49% (2017: 49%) ownership interest. GASL is one of the Group's customers and is principally engaged in helicopter Services in Malta. GASL is not publicly listed.

GASL is structured as a separate legal entity and the Group has a residual interest in the net assets of GASL. Accordingly, the Group has classified its interest in GASL as a joint venture.

The following table summarises the financial information of UHPL and GASL as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in UHPL and GASL.

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8. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

31 December 2018	**UHPL**	**GASL**	**Total**
Percentage ownership interest	62%	49%	
Non-current assets	1,824	1,285	**3,109**
Current assets (including cash and cash equivalents)	4,825	3,016	**7,841**
Current liabilities (including current financial liabilities excluding trade and other payables)	(12,180)	(2,504)	**(14,684)**
Net Assets (100%)	(5,531)	1,797	**(3,734)**
Carrying amount of interest in joint venture	-	880	**880**
Additional Investment during year	352	937	**1,289**
Revenue	2,894	7,934	**10,828**
Expenses	(5,163)	(7,598)	**(12,761)**
(Loss)/ profit for the year and other comprehensive income	(2,269)	336	**(1,933)**
Group's share of (loss)/ profit and other comprehensive income (prorated based on date of change in shareholding)	(352)	164	**(188)**
Carrying amount of the investment	-	880	**880**

31 December 2017	**UHPL**	**GASL**	**Total**
Percentage ownership interest	36%	49%	
Non-current assets	2,226	156	2,382
Current assets (including cash and cash equivalents	7,474	1,365	8,839
Current liabilities (including current financial liabilities excluding trade and other payables	(13,229)	(1,909)	(15,138)
Net Assets (100%)	(3,529)	(388)	(3,917)
Carrying amount of interest in joint venture	-	-	-

	UHPL	**GASL**	**Total**
Revenue	4,077	3,656	7,733
Expenses	(6,297)	(4,133)	(10,430)
Loss for the year and other comprehensive income	(2,220)	(477)	(2,697)
Group's share of loss and other comprehensive income	-	-	-
Carrying amount of the investment	-	-	-

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8. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Reconciliation of carrying amounts:

31 December 2018	**UHPL**	**GASL**	**Total**
Balance at 1 January	-	-	**-**
Additional investment made during the year	352	937	**1,289**
(Loss) / profits for the year (loss restricted to investment value)	(352)	164	**(188)**
Impairment loss during the year	-	(221)	**(221)**
Balance at 31 January	**-**	**880**	**880**

31 December 2017	UHPL	GASL	Total
Balance at 1 January	-	-	-
Additional investment made during the year	-	-	-
(Loss) / profits for the year (loss restricted to investment value)	-	-	-
Impairment loss during the year	-	-	-
Balance at 31 January	-	-	-

9. FINANCIAL INVESTMENTS

The effect of initially applying IFRS 9 in the Group's financial instruments is described in Note 3. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

The carrying amounts of the Group's financial investments are as follows:

	2018	2017
Investments measured at fair value through profit or loss		
- Held for trading debt securities (i)	208,171	201,029
- Quoted shares in Qatari public shareholding companies	94,448	-
	302,619	201,029
Investments measured at fair value through other comprehensive income (IFRS 9) / available for sale investments (IAS 39)		
- Quoted shares in Qatari public shareholding companies	13,205	102,173
- Quoted debt securities	133,770	213,643
- Quoted managed investment funds	62,543	71,552
- Unquoted shares	3	2
	209,521	387,370
Investments measured at amortised cost (IFRS 9) / held to maturity investments (IAS 39)		
Quoted debt securities (ii)	**3,665**	3,583
Financial investments before Expected credit loss (ECL) provision	515,805	591,982
ECL provision in respect of debt securities measured at amortised cost	(1)	-
	515,804	591,982

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9. FINANCIAL INVESTMENTS (CONTINUED)

Presented in the consolidated statement of financial position as:

	2018	2017
Current assets	289,414	201,029
Non-current assets	226,390	390,953
Total financial investments	**515,804**	591,982

Movement in ECL provision in respect of debt securities measured at amortised cost is as follows:

	2018	2017
Balance at 31 December / 1 January	-	-
Adjustment of initial application of IFRS 9 (refer note 3(ii) a)	5	-
Balance at 1 January (Adjusted)	5	-
Reversal during the year	(4)	-
Balance at 31 December	**1**	-

(i) These represent quoted debt securities held with banks. These are acquired and incurred principally for the purpose of selling or repurchasing it in the near term or to take advantage of short term market movements.

(ii) The market value of investments measured at amortised cost amounted to QR 3,792 as of 31 December 2018 (31 December 2017: QR 3,945).

(iii) Investments at fair value through profit or loss and at fair value through other comprehensive income (IFRS 9) / available-for-sale investments (IAS 39), except unquoted shares, have been valued using Level 1 measurement basis and there have been no transfers between Level 1 and Level 2 fair value measurements.

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 32 and 33 to these consolidated financial statements.

10. INVENTORIES

	2018	2017
Ancillary spares	254,735	236,546
Catering inventories	15,509	16,108
Good in transit	9,564	12,201
	279,808	264,855
Less: Provision for slow moving and obsolete inventory	(63,519)	(62,739)
	216,289	202,116

Inventories consumed during the year are recognized as expense in 'Direct expenses'.

Movement in provision for slow moving and obsolete inventory is as follows:

	2018	2017
Balance at 1 January	62,739	55,034
Provision during the year	1,506	13,082
Reversals during the year	(726)	(5,377)
Balance at 31 December	**63,519**	62,739

The net impact of the movement in provision for slow moving and obsolete inventories in shown under miscellaneous expenses in Note 28.

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11. TRADE AND OTHER RECEIVABLES

The effect of initially applying IFRS 9 in the Group's financial instruments is described in Note 3. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

	2018	2017
Trade receivable	411,660	373,870
Accrued income	77,944	51,680
Advances	16,874	24,876
Prepayments	10,949	9,400
Deposits	2,688	5,492
Other receivables (Note 6.2)	118,981	41,639
	639,096	506,957
Less: Impairment of trade and other receivables (Note 11.1)	(39,254)	(39,663)
	599,842	467,294

11.1 Movement in impairment of trade and other receivables is as follows:

	2018	2017
Balance at 31 December/ 1 January	39,663	24,819
Adjustment of initial application of IFRS 9 (refer note 3(ii) a)	3,624	-
Balance at 1 January (Adjusted)	43,287	24,819
Provision during the year	2,804	15,199
Reversal during the year	(6,413)	(355)
Write offs during the year	(424)	-
Balance at 31 December	**39,254**	39,663

11.2 (Reversal of impairment)/ Impairment of financial assets is included in consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
Financial investments	(69)	-
Short term investments (Note 13)	2	-
Cash and cash equivalents (Note 14)	2	-
Trade and other receivables (Note 11.1)	(3,609)	14,844
Due from related parties (Note 23b)	(12,631)	9,140
Total	**(16,305)**	23,984

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12. REINSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

Reinsurance share of outstanding claims was as follows:

	2018			2017		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Balance at 1 January						
Reported claims	462,637	(257,386)	205,251	561,381	(333,782)	227,599
Incurred but not reported claims (IBNR) and other technical reserves	148,549	-	148,549	164,549	-	164,549
Total	**611,186**	**(257,386)**	**353,800**	725,930	(333,782)	392,148

Movement during the year was as follows:

	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Reported claims	83,105	(149,529)	(66,424)	(98,745)	76,395	(22,350)
Incurred but not reported claims (IBNR) and other technical reserves	(16,900)	-	(16,900)	(16,000)	-	(16,000)
Total	**66,205**	**(149,529)**	**(83,324)**	(114,745)	76,395	(38,350)

	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Balance at 31 December						
Reported claims	545,742	(406,915)	138,827	462,637	(257,386)	205,251
Incurred but not reported claims (IBNR) and other technical reserves	131,649	-	131,649	148,549	-	148,549
Total	**677,391**	**(406,915)**	**270,476**	611,186	(257,386)	353,800

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13. SHORT TERM INVESTEMNTS

	2018	2017
Short term investments	**244,521**	262,568

As at 31 December 2018, the Group has a fixed deposit with a local commercial bank with original maturity of one year which earn interest at 3.62 % to 4.65 % per annum (2017: 3.10 % to 3.55% per annum). During the year, the Group earned interest income of QR 16.38 million (2017: QR 16.81 million).

Movement in impairment of short term investments is as follows:

	2018	2017
Balance at 31 December/ 1 January	-	-
Adjustment of initial application of IFRS 9	**1,133**	-
Balance at 1 January (Adjusted)	1,133	-
Provision during the year	2	-
Balance at 31 December	**1,135**	-

14. CASH AND CASH EQUIVALENTS

	2018	2017
Cash in hand	649	1,858
Cash at bank		
- Current account and call deposits	335,629	282,672
- Fixed and term deposits (1) & (2)	307,698	404,619
	643,976	**689,149**
Impairment of cash and bank balances (IFRS 9)	(35)	-
Bank balances and cash as per consolidated statement of financial position	**643,941**	689,149
Less: Cash at banks – restricted funds (3)	(14,099)	(34,616)
Less: Cash at banks – restricted for dividend (Note 22)	(86,464)	(95,346)
Less: Bank overdraft (4)	(1,408)	-
Add back: Impairment of cash and bank balances	35	-
	(101,936)	(129,962)
Cash and cash equivalents as per consolidated statement of cash flows	**542,005**	559,187

(1) These fixed deposits held with banks are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, capable of being readily convertible to a known amount of cash and with an insignificant risk of changes in value.

(2) As at 31 December 2018, these fixed deposits are held with local commercial banks with original maturity of up to one year or less which earn interest at 3.29% - 4.65% per annum (2017: 2.75% - 4.10% per annum).

(3) This represents deposits restricted by a local bank in Qatar in relation to under lien deposits for arranging bank guarantee to a sub-subsidiary.

(4) The Group's bank overdraft has a credit limit of QR 1.5 Million and bears interest at EURIBOR plus 2.75% per annum (2017: EURIBOR plus 2.75%).

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14. CASH AND CASH EQUIVALENTS (CONTINUED)

Movement in impairment of cash and cash equivalents is as follows:

	2018	2017
Balance at 31 December/ 1 January	-	-
Adjustment of initial application of IFRS 9	**33**	-
Balance at 1 January (Adjusted)	33	-
Provision during the year	2	-
Balance at 31 December	**35**	-

15. SHARE CAPITAL

	2018	2017
Issued and paid up capital 185,840,869 shares of QR 10 each (31 December 2017: 185,840,869 shares of QR 10 each)	**1,858,409**	1,858,409

The Company has an authorised share capital of QR 2,000 million, divided into 1 special share of nominal value of QR 10 and 199,999,999 ordinary shares of each of nominal value of QR 10 each. As at year end the Company has issued and paid up capital of QR 1,858,409 thousand (2017: QR 1,858,409 thousand) consists of 1 special share of nominal value of QR 10 and 185,840,868 ordinary shares each of nominal value of QR 10 (2017: 1 special share of nominal value of QR 10 and 185,840,868 ordinary shares each of nominal value of QR 10). Special share is owned by Qatar Petroleum and may not be cancelled or redeemed without the consent of the Special Share Holder. Special Share may be transferred only to the Government, any Government Corporation or any QP affiliate. QP exercises the control over the Company by virtue of holding the Special Share. All ordinary shares carry equal rights.

16. LEGAL RESERVE

The legal reserve relates to the Company's subsidiaries and is calculated in accordance with the regulations of the Qatar Commercial Companies' Law No 11 of 2015. In accordance with the subsidiaries' Articles of Association, 10% of the net profits for the year is required to be transferred to the legal reserve until the reserve equals to the limit specified in the Articles of Association.

Further, the Articles of Association of the Company mentions the transfer to legal reserve based on the discretion of the Board of Directors. Legal reserve amount as per books includes the excess funds raised from public issue of shares over and above the issue costs incurred and in accordance with the terms of prospectus issued.

17. GENERAL RESERVE

The general reserve is maintained in accordance with the provisions of the Articles of Association of the Company's subsidiaries to meet any unforeseen future events. The balance under this reserve is not available for distribution, except in the circumstances specified in the Articles of Association of the respective subsidiaries.

18. LOANS AND BORROWINGS

	2018	2017
Loan related to drilling segment (i)	4,528,186	4,481,743
Loan related to aviation segment (ii)	148,683	188,298
Other borrowings (iii)	343,200	506,133
	5,020,069	5,176,174
Less: Unamortised finance cost associated with raising finance	(23,504)	(30,709)
	4,996,565	5,145,465

For the year ended 31 December 2018 In thousands of Qatari Riyals

18. LOANS AND BORROWINGS (CONTINUED)

Loans and borrowings are further categorised into Islamic and non-Islamic borrowings as follows:

	2018	2017
Islamic borrowings	2,682,316	2,138,259
Non-Islamic borrowings	2,314,249	3,007,206
	4,996,565	5,145,465

The movement of loans and borrowings were as follows:

At 1 January	5,145,465	5,569,834
Borrowings obtained during the year	795,038	629,817
Repaid during the year	(951,143)	(1,045,432)
Movement in unamortized finance cost	7,205	(8,754)
At 31 December	**4,996,565**	5,145,465

Presented in the consolidated statement of financial position as follows:

Non-current portion	4,061,868	4,247,662
Current portion	934,697	897,803
	4,996,565	5,145,465

(i) The borrowings are related to the Company's subsidiary, Gulf Drilling International Q.C.S.C. ("GDI"). GDI have entered into various borrowing arrangements with different banks. All facilities bears interest rates varying between 3 months LIBOR plus 1.35% - 2.70% (2017: LIBOR plus 1.35% - 2.70%). The loans are to be repaid in quarterly installments. The loans obtained by GDI are unsecured.

Further, in May 2017, the GDI entered into a Master Murabaha facility of US$ 925 million with a local Islamic Bank. The proceeds of the facility will be utilized on the GDI's general corporate purposes and the settlement or refinancing of the outstanding various 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 from the facility US$ 363 million as of 31 December 2018 (2017: US$ 151 million).

(ii) The borrowings are related to the Company's subsidiary, Gulf Helicopters Company Q.C.S.C. ("GHC"). GHC have entered into various borrowing arrangements with different banks. All facilities bears interest rates varying between 3 months LIBOR plus 1.35% - 2.75% (2017: LIBOR plus 1.35% - 2.75%). The loans are to be repaid in quarterly installments. The loans obtained by GHC are unsecured.

(iii) On 23 May 2012, the Company obtained a syndicated Murabaha facility of US$ 170 million from a consortium of lenders to finance the acquisition of Amwaj Catering Services Company Ltd. Q.C.S.C. The effective profit rate is 6 months LIBOR plus 1.35% (2017: LIBOR plus 1.35%). The loan is repayable in 15 semi-annual installments with the first instalment started in November 2012 and is unsecured.

On 20 April 2014, the Company obtained a syndicated Murabaha facility of US$ 80 million from a local Islamic Bank located in Qatar, along with the additional amount of US$ 80 million, details in below, to finance the acquisition of the additional 30% of GDI. The effective profit rate is 6 months LIBOR plus 1.45% (2017: LIBOR plus 1.45%). The loan is repayable in 15 semi-annual instalments with the first instalment started in April 2015 and is unsecured.

On 20 April 2014, the Company obtained a loan of US$ 80 million from a local commercial bank located in Qatar to finance the acquisition of the additional 30% of GDI. The effective interest rate is 6 months LIBOR plus 1.45% (2017: LIBOR plus 1.45%). The loan is repayable in 14 semi-annual instalments with the first instalment started in April 2015 and is unsecured.

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18. LOANS AND BORROWINGS (CONTINUED)

The maturity profiles of the loans are as follows:

As at 31 December 2018

	Nominal interest rate	**Year of maturity**	**1 year**	**1 – 5 years**	**5 years and above**	**Total**
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%)	2021-2023	707,408	1,888,302	1,932,476	**4,528,186**
Loans related to aviation segment	LIBOR+ (1.35% - 2.75%)	2019-2022	64,384	84,299	-	**148,683**
Other borrowings	LIBOR+ (1.35% - 1.45%)	2019-2021	162,933	180,267	-	**343,200**
			934,725	2,152,868	1,932,476	**5,020,069**

As at 31 December 2017

	Nominal interest rate	Year of maturity	1 year	1 – 5 years	5 years and above	Total
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%)	2021-2023	672,090	2,299,052	1,510,600	4,481,742
Loans related to aviation segment	LIBOR+ (1.35% - 2.75%)	2019-2022	62,854	125,444	-	188,298
Other borrowings	LIBOR+ (1.35% - 1.45%)	2019-2021	162,934	343,200	-	506,134
			897,878	2,767,696	1,510,600	5,176,174

The Group’s loans are denominated in US Dollars.

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19. PROVISION FOR DECOMMISSIONING COSTS

	2018	2017
Balance at 1 January	68,851	92,088
Provisions for the year	-	18,743
Reversals made during the year	(27,253)	(41,980)
Balance at 31 December	**41,598**	68,851

Presented in the consolidated statement of financial position as follows:

	2018	2017
Non-current portion	41,598	25,954
Current portion	-	42,897
	41,598	68,851

As per the contractual agreement with Qatar Petroleum, the Group has to return the leased facilities in their original condition at the end of the lease term. The Group has assessed its contracts and provided provisions for the future renovation costs, costs of dismantling, installations and restoring leased labour camps. The labour camps mainly consists of land, accommodation and common areas including offices, mess halls and other associated facilities.

During the year, the Group has reversed the provision of QR 27.25 million of provisions relating to the demobilised three camps in Ras Laffan. These sites have been handed over to Qatar Petroleum or third parties authorized by Qatar Petroleum and Amwaj has not expended any material decommissioning costs. The reversal is due to Qatar Petroleum effectively discharging the liability as there is no longer decommissioning required. Site clearance and hand over certificate for the three camps has been received, thus relieving the Group from any liabilities.

The net provisions/ (reversal) during the current and prior years are reflected in direct costs.

20. PROVISION FOR EMPLOYEES’ END OF SERVICE BENEFITS

	2018	2017
At 1 January	76,757	70,794
Provisions made during the year (1)	19,427	16,406
Payments made during the year	(15,967)	(10,443)
At 31 December	**80,217**	76,757

(1) The provision for employees’ end of service benefits is included in salaries and other benefits in the consolidated statement of profit or loss and other comprehensive income.

21. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	155,049	145,968
Accrued expenses	207,790	237,971
Reinsurance premiums payable	141,715	125,398
Unearned premium (Note 21.1)	81,221	126,581
Advance reinsurance commissions received	17,080	28,329
Deposits and advances from customers	8,758	12,731
Advance management fees	-	526
Accrued social and sports fund	-	2,125
Other payables	48,965	64,367
	660,578	743,996

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21. TRADE AND OTHER PAYABLES (CONTINUED)

21.1 The movement of unearned premium during the year was as follows:

	2018	2017
Balance at 1 January	126,581	60,032
Increased during the year	78,743	115,544
Released during the year	(124,103)	(48,995)
Balance at 31 December	**81,221**	126,581

22. DIVIDENDS PAYABLE

The Board of Directors has proposed no cash dividend for the year ended 31 December 2018.

No dividend was approved in the Annual General Assembly meeting of the Group held on 5 March 2018 in respect of the year ended 31 December 2017 (2017: QR 1 per share amounting to a total of QR 185.8 million in respect of the year ended 31 December 2016).

Below is the movement in dividends payable balance during the year:

	2018	2017
Balance at 1 January	95,346	100,210
Dividends declared during the year	-	185,841
Dividends paid during the year	(8,882)	(190,705)
Balance at 31 December	**86,464**	95,346

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23. RELATED PARTIES

The Group, in the ordinary course of business, carries out transactions with other business enterprises that fall within the definition of related parties as per International Accounting Standard (IAS) 24 "Related Parties". The balances with related parties as at the year end and the transactions during the year, are disclosed as follows:

a) Transactions with related parties

Transaction with related parties during the year were as follows:

Name of the entity	**Relationship**	**2018**		2017	
		Revenue	**Expenses**	Revenue	Expenses
Qatar Petroleum	Parent Company	1,384,319	153,718	952,509	82,926
QatarGas Company Limited	Affiliate	50,758	-	50,705	418
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	24,842	52,728	20,698	12,596
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	19,454	226	9,869	-
Qatar Fertiliser Company (QAFCO)	Affiliate	14,891	98	20,158	-
Oryx GTL Limited	Affiliate	10,146	-	11,908	-
Qatar Chemical Company	Affiliate	7,076	-	2,041	-
Seef Limited	Affiliate	4,986	-	3,563	43,637
Qatar Aluminium	Affiliate	944	-	10,510	-
QatarGas Operating Company Limited	Affiliate	92	-	26,322	-
Rasgas Company Limited	Affiliate	-	-	205,469	-
Others	Affiliates	260,557	2,500	206,770	-
		1,778,065	209,270	1,520,522	139,577

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23. RELATED PARTIES (CONTINUED)

b) Due from related parties

Name of the entity	Relationship	2018	2017
Qatar Petroleum	Parent Company	309,322	312,427
Qatargas Company Limited	Affiliate	121,928	81,753
Oryx GTL Limited	Affiliate	10,463	10,982
Qatargas Operating Company Limited	Affiliate	10,452	-
Qatar Engineering Consultancy Company (ASTAD)	Affiliate	6,735	-
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	5,187	-
Seef Limited	Affiliate	4,251	-
Qatar Chemical Company	Affiliate	2,283	-
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	1,785	3,014
Qatar Fertiliser Company (QAFCO)	Affiliate	835	20,060
Ras Laffan Olefins Limited	Affiliate	472	-
Qatar Aluminium	Affiliate	108	441
Gasal Limited	Affiliate	47	-
Others	Affiliates	20,071	34,164
		493,939	462,841
Provision for impairment of financial assets		(16,670)	(29,292)
		477,269	433,549

The above balances include accrued revenues which are not yet billed to customers at year end. The above balances are of trading nature, bear no interest or securities and are receivable on due date as per respective contracts, which is less than 12 months from the year end.

Below is the movement in provision for impairment of financial assets:

Movement in impairment of due from related party balances is as follows:

	2018	2017
Balance at 31 December/ 1 January	29,292	20,152
Adjustment of initial application of IFRS 9 (refer Note 3(a)(ii))	9	-
Balance at 1 January (Adjusted)	29,301	20,152
Provision during the year	641	9,343
Reversal during the year	(13,272)	(203)
Balance at 31 December	**16,670**	29,292

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23. RELATED PARTIES (CONTINUED)

c) Due to related parties

Name of the entity	Relationship	2018	2017
Qatar Petroleum	Parent Company	19,231	-
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	4,255	3,701
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	29	-
Others (1)	Affiliates	4,768	4,611
		28,283	8,312

(1) This includes balance pertains to accruals of Board of Directors' remuneration.

The above balance are of trading nature, bear no interest or securities and are payable on demand.

d) Remuneration of key management personnel

	2018	2017
Compensation of key management personnel		
Salaries and other benefits	**43,005**	46,048

24. REVENUE

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 3. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

A. Revenue streams

The Group mainly generates revenue from the catering, aviation, drilling and insurance and reinsurance services.

	2018	2017
Revenue from contracts with customers (1)	2,086,118	2,076,929
Revenue from insurance contracts (2)	433,062	325,940
	2,519,180	2,402,869

1 Revenue from contracts with customers

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary major products and service lines and timing of revenue recognition.

For the year ended 31 December 2018 In thousands of Qatari Riyals

24. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

B. Disaggregation of revenue from contracts with customers

Major products/ service lines	**2018**	2017
Revenue from drilling and ancillary services		
- Drilling and ancillary services	1,141,773	1,111,856
Revenue from aviation services		
- Aviation revenues	495,989	511,179
- Maintenance and Repair Operation revenue	43,209	16,938
- Training revenue	2,323	1,447
	541,521	529,564
Revenue from catering and related services		
- Catering services	191,937	224,496
- Manpower services	150,678	124,687
- Accommodation and housekeeping services	30,262	58,533
- Function and events revenue	8,170	7,285
- Other revenues	21,777	20,508
	402,824	435,509
	2,086,118	2,076,929

Timing of revenue recognition	**2018**	2017
Products and services transferred at a point in time	83,032	47,656
Products and services transferred over time	2,003,086	2,029,273
Revenue from contracts with customers	**2,086,118**	2,076,929

C. Contract balances

The following table provides information about receivables and accrued revenue from contracts with customers.

	2018	2017
Receivables, which are included in 'trade and other receivables'	304,647	233,938
Receivables, which are included in due from related parties	443,176	396,954
Contract assets (i)	27,922	-
Contract liabilities (ii)	(52,688)	-

(i) Contract asset balances comprise primarily demobilization revenues which have been recognized during the period but are billable on future demobilization activities. Contract assets also include costs incurred for mobilization activities are direct costs to fulfil contracts and are expensed over the expected recognition period. Such costs are deferred and recorded as contract assets. No impairment losses were recognized on contract assets during the year.

For the year ended 31 December 2018 In thousands of Qatari Riyals

24. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

C. Contract balances (continued)

Contract assets has been allocated in the consolidated statement of financial position as follows:

	2018	2017
Current asset	18,632	-
Non-current asset	9,290	-
	27,922	-

(ii) Contract liabilities include payments received for mobilization activities which are allocated to the overall performance obligation and recognized ratably over the initial term of the contract. Contract liabilities also include expected costs to be incurred for demobilization activities are estimated at the contract inception and accrued over the expected contract period. Such accrued expected costs are recorded as contract liabilities.

Contract liabilities has been allocated in the consolidated statement of financial position as follows:

	2018	2017
Current liability	37,024	-
Non-current liability	15,664	-
	52,688	-

24. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

D. Performance obligations and revenue recognition policies

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 (applicable before 1 January 2018)
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 was recognised over the period of the contract based on the rates agreed with the customer.
Function events sales	Revenue is recognised based on the performance obligation as the function is performed. Revenue is recognized at point in time.	Revenue was recognised point in time when the foods were delivered to the customers based on the rates agreed with the customer.	Revenue was recognised when the foods were delivered to the customers based on the rates agreed with the customer.
Helicopter transportation services	As these services are provided "over time", revenue is recognized accordingly. Invoices are normally issued on a monthly basis and are usually payable within 30-60 days.	Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.	Revenue was recognised over the period of the contract based on the rates agreed with the customer.
Air Ambulance Services, Supply of spares, Maintenance, Repair Operation services (MRO) and Training services.	Revenue is recognized "point in time" based on the actual services rendered and goods delivered. Invoices are normally issued as and when the service is performed and are usually payable within 30-60 days.	Revenue was recognised point in time when the services were delivered to the customers based on the rates agreed with the customer.	Revenue was recognised point in time when the services were delivered to the customers based on the rates agreed with the customer.

24. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

D. Performance obligations and revenue recognition policies

<table>
<tr><th>Type of services</th><th>Nature, timing of satisfaction of performance obligations, significant payment terms</th><th>Revenue recognition under IFRS 15 (applicable from 1 January 2018)</th><th>Revenue recognition under IAS 18 (applicable before 1 January 2018)</th></tr>
<tr><td>Drilling and related services</td><td>Customers generally contract for a comprehensive agreement 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.</td><td>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. This unit of measure is representative of an output method as described in IFRS 15.</td><td>Revenue represents rig services and supply of related ancillary services income earned and invoiced during the year, in accordance with the terms of the contracts entered into with customers. Rig mobilisation/ demobilisation fees received to mobilise/ demobilise a drilling unit at the commencement/ end of a contract are recognised as income in the period it is received/ earned and associated costs are expensed as incurred. Costs incurred to relocate drilling units for which a contract has not been secured are expensed as incurred.</td></tr>
</table>

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24. REVENUE (CONTINUED)

2 Revenue from insurance contracts

Gross insurance revenue	**433,062**	325,940

The details of gross insurance is as follows:

	2018	2017
Gross premium (i)	402,170	389,031
Movement in unearned premium, gross (i)	17,402	(72,045)
Net commission income	13,490	8,954
Gross insurance revenue	**433,062**	325,940

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

31 December 2018	**Gross**	**Re insurance**	**Net**
Written premiums	402,170	(226,664)	175,506
Change in unearned premiums	17,402	27,958	45,360
	419,572	(198,706)	220,866

31 December 2017	Gross	Re insurance	Net
Written premiums	389,031	(125,118)	263,913
Change in unearned premiums	(72,045)	5,497	(66,548)
	316,986	(119,621)	197,365

25. DIRECT COSTS

	2018	2017
Direct costs of drilling and ancillary services	970,959	990,631
Direct costs of catering and related services	401,289	381,218
Gross insurance expense (Note 25.1)	379,588	240,060
Direct costs of aviation and related services	363,380	340,136
	2,115,216	1,952,045

25.1 Gross insurance expense

	2018	2017
Reinsurance cession	226,166	125,118
Movement in unearned premium, reinsurance	(27,958)	(5,497)
Net claims incurred (Note 25.2)	173,678	119,821
Brokerage cost	7,702	618
	379,588	240,060

25.2 The details of net claim incurred are as follows:

31 December 2018	**Gross**	**Reinsurance**	**Net**
Claims settled	275,669	(18,667)	257,002
Outstanding claims adjustment	83,105	(149,529)	(66,424)
Incurred but not reported (IBNR)	(16,900)	-	(16,900)
	341,874	(168,196)	173,678

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25. DIRECT COSTS (CONTINUED)

25.2 The details of net claim incurred (continued)

31 December 2017	Gross	Reinsurance	Net
Claims settled	199,808	(41,638)	158,170
Outstanding claims adjustment	(98,745)	76,396	(22,349)
Incurred but not reported (IBNR)	(16,000)	-	(16,000)
	85,063	34,758	119,821

26. OTHER INCOME

	2018	2017
Service fees	13,500	5,722
Equity investments at FVTPL – net change in fair value	12,387	4,219
Gain on disposal of financial investments	9,006	3,702
Dividend income	4,370	2,040
Profit distribution from managed investment funds	4,116	2,204
Miscellaneous income	7,495	18,953
	50,874	36,840

27. OTHER EXPENSE

	2018	2017
Impairment of property and equipment (Note 6.4)	113,214	10,920
Loss on write off of property and equipment	36,768	-
Impairment of investment in joint venture (Note 8)	221	-
Miscellaneous expense	9,242	610
	159,445	11,530

28. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Salaries and other benefits	133,063	134,682
Rent expenses	16,306	18,849
Legal and professional fees	12,646	8,162
Qatar Petroleum annual fee	9,738	7,766
Board member sitting fees (1)	7,242	7,030
Depreciation (Note 6.3)	6,663	7,419
Provision for income tax from foreign operations	5,360	2,721
Communication expenses	4,197	4,772
Secondment fee	4,108	4,020
Travel expenses	2,148	2,915
Printing and stationery expenses	2,124	1,426
Public relations and advertisement expense	1,731	2,376
Repairs and maintenance expenses	1,644	1,149
Qatar Exchange fees and QCSD	1,009	1,009
Miscellaneous expenses	5,605	17,999
	213,584	222,295

(2) Board member sitting fees include sitting fee for Board members of the Company and its subsidiaries.

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29. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the year by the adjusted weighted average number of equity shares outstanding at the end of the reporting period.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	2018	2017
(Loss) / profit for the year	**(98,269)**	84,980
Adjusted weighted average number of equity shares	**185,840,869**	185,840,869
Basic and diluted earnings per share (Qatari Riyal)	**(0.53)**	0.46

30. CONTINGENCIES AND COMMITMENTS

a) Contingencies

	2018	2017
Contingent liabilities:		
Guarantees against performance bonds	**320,413**	312,767
Claim under dispute	**4,874**	3,449
Group's share in contingency of joint ventures (Note 30(b)(1))	**86,748**	52,117

b) Commitments

	2018	2017
Commitments:		
Capital commitments	**205,448**	267,290
Group's share in commitments of joint ventures (1)	**1,504**	15

It is not anticipated that any material liabilities will arise from the commitments which were issued in the normal course of business.

(1) These contingent liabilities and commitments pertains to Group's share of interest in equity joint ventures, incorporated as limited liability entities in the respective country of incorporation. (Refer Note 8 for the net carrying value of these investments.)

Commitments under operating lease

The Group has entered into lease agreements for the lease of the various properties. The rental costs in respect of these properties are accounted for as operating leases in consolidated statement of profit or loss.

The future undiscounted lease commitments in respect of the above lease agreements are as follows:

	2018	2017
Not later than 1 year	25,786	27,080
Later than 1 year and not longer than 5 years	65,041	46,099
Later than 5 years	4,961	13,057
	95,788	86,236

For the year ended 31 December 2018 In thousands of Qatari Riyals

31. OPERATING SEGMENTS

The Group has four reportable segments, as described below. The segments offer different products and services, and are managed separately because they require different technology and marketing strategies and also incorporated as separate legal entities. For each of the segments, the Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations of each reportable segment:

Reportable segments	**Operations**
Insurance	Provides insurance and reinsurance services
Aviation	Provids helicopter transportation services in Qatar and India. Also operating as a provider of helicopter services throughout the Gulf Region, Libya, Turkey and Morocco. The aviation segment includes the information relating to Gulf Helicopters Group's joint ventures and its subsidiaries.
Catering	Provides catering, manpower and related services.
Drilling	Provides drilling and ancillary services.

For the year ended and as at 31 December 2018	**Insurance**	**Aviation**	**Catering**	**Drilling**	**Total**
Segment revenue	443,266	541,521	439,643	1,141,773	2,566,203
Inter-segment revenue	(10,204)	-	(36,819)	-	(47,023)
External revenue (Note 31.1)	**433,062**	**541,521**	**402,824**	**1,141,773**	**2,519,180**
Segment profit/ (loss) before tax	**52,894**	**140,665**	**24,344**	**(263,682)**	**(45,779)**
Finance income	**16,376**	**3,338**	**2,494**	**221**	**22,429**
Finance cost	**-**	**(6,150)**	**-**	**(203,113)**	**(209,263)**
Depreciation and amortisation	**(1,185)**	**(99,263)**	**(13,137)**	**(363,379)**	**(476,964)**
Share of loss from equity accounted investees	**-**	**(188)**	**-**	**-**	**(188)**
Other material non-cash items:					
- Impairment losses of financial assets	**(258)**	**5,078**	**11,485**	**-**	**16,305**
- Impairment of non-financial assets	**-**	**-**	**-**	**(95,762)**	**(95,762)**
- Reversal of provision for decommissioning costs	**-**	**-**	**27,253**	**-**	**27,253**
Segment assets	**1,562,372**	**1,558,091**	**303,364**	**6,173,186**	**9,597,013**
Equity accounted investees	**-**	**880**	**-**	**-**	**880**
Capital expenditure	**7,043**	**70,551**	**4,514**	**155,384**	**237,492**
Segment liabilities	**953,789**	**290,397**	**151,372**	**4,798,770**	**6,194,328**

For the year ended 31 December 2018 In thousands of Qatari Riyals

31. OPERATING SEGMENTS (CONTINUED)

For the year ended and as at 31 December 2017	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	332,392	529,786	469,750	1,111,856	2,443,784
Inter-segment revenue	(6,452)	(222)	(34,241)	-	(40,915)
External revenue (Note 31.1)	325,940	529,564	435,509	1,111,856	2,402,869
Segment profit/ (loss) before tax	71,114	144,659	17,037	(101,703)	131,107
Finance income	16,807	2,088	3,652	1,871	24,418
Finance cost	-	(6,907)	(127)	(148,310)	(155,344)
Depreciation and amortisation	(1,477)	(89,889)	(15,672)	(368,051)	(475,089)
Other material non-cash items:					
- Impairment losses of trade and other receivables	-	14,080	9,904	-	23,984
- Impairment of non-financial assets	-	-	-	(10,920)	(10,920)
- Reversal of provision for decommissioning costs, net	-	-	(23,237)	-	(23,237)
Segment assets	1,561,990	1,545,811	365,156	6,425,459	9,898,416
Capital expenditure	(132,529)	(18,405)	(3,103)	(226,664)	(309,421)
Segment liabilities	941,047	305,888	230,471	4,689,428	6,166,834

For the year ended 31 December 2018 In thousands of Qatari Riyals

31. OPERATING SEGMENTS (CONTINUED)

31.1 Reconciliation of reportable segments revenue

	2018	2017
Total revenue for reportable segments	2,566,203	2,443,784
Elimination of inter segment revenue	(47,023)	(40,915)
Consolidated revenue	**2,519,180**	2,402,869

31.2 Reconciliation of reportable segments direct cost

	2018	2017
Total direct costs for reportable segments	2,149,029	1,980,110
Elimination of inter segment direct costs	(47,023)	(40,915)
Depreciation associated to purchase price allocation	13,210	13,210
Consolidated direct costs	**2,115,216**	1,952,405

31.3 Reconciliation of reportable segments profit or loss

	2018	2017
Total (loss) / profit for reportable segments	(45,779)	131,137
Other unallocated profits or loss (Profits or loss of parent Company)	213,025	332,092
Elimination of dividends from subsidiaries to Parent Company	(234,857)	(365,039)
Depreciation and impairment associated to purchase price allocation	(30,658)	(13,210)
Consolidated (loss)/ profit for the year	**(98,269)**	84,980

31.4 Reconciliation of reportable segments total assets

	2018	2017
Total assets for reportable segments	9,597,013	9,898,416
Other un-allocable assets	2,762,800	2,729,559
Elimination of investments in subsidiaries	(2,574,398)	(2,574,398)
Assets relating to purchase price allocation	128,709	159,340
Asset relating to Goodwill	303,559	303,559
Elimination of inter-segments assets	(60,430)	(88,000)
Consolidated total assets	**10,157,253**	10,428,476

31.5 Reconciliation of reportable segments cash and bank balances

	2018	2017
Cash and bank balances for reportable segments	469,941	547,715
Other un-allocable assets	174,000	141,434
Consolidated cash and bank balances	**643,941**	689,149

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31. OPERATING SEGMENTS (CONTINUED)

31.6 Reconciliation of reportable segments total liabilities

	2018	2017
Total liabilities for reportable segments	6,194,328	6,166,834
Other un-allocable liabilities	491,294	671,079
Elimination of inter-segments liabilities	(60,430)	(88,000)
Consolidated total liabilities	6,625,192	6,749,913

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss or total assets or total liabilities since 31 December 2017.

32. FINANCIAL RISK MANAGEMENT

(a) Insurance risk

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 general insurance claims provision will have a decrease of QR. 17.36 million on the consolidated statement of profit or loss (2017: QR 11.98 million).

(b) Credit risk

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

The gross amounts of financial assets represent the maximum credit exposure.

The table below summarizes the exposure to credit risk:

	2018	2017
Bank balances (including time deposits)	643,327	687,291
Financial investments (Note 9)	515,805	591,982
Trade and other receivables (Note 11)	489,604	425,550
Due from related parties (Note 23 b)	493,939	462,841
Insurance contract receivables* (Note 12)	406,915	257,386
Short term investments (Note 13)	245,656	262,568
Others	121,669	47,131
	2,916,915	2,734,749

*This includes the insurance contract receivables and reinsurance share of outstanding claims.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

For the year ended 31 December 2018 In thousands of Qatari Riyals

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for all corporate customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group does not require collateral in respect of trade and other receivables. The group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

Comparative information under IAS 39
An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31 December 2018 is as follows.

	2018	2017
Past due but not impaired:	162,709	237,235
Past due 0-30 days	96,119	24,763
Past due 31-60 days	15,615	34,535
Past due 61-90 days	37,301	10,756
Past due 91-120 days	26,367	39,339
Past due over 121 days	112,239	39,259
Past due and impaired	39,254	39,663
At 31 December	**489,604**	425,550

Due from related parties
The maximum exposure to credit risk for certain amounts due from related parties at the reporting date was equal to the receivables amount disclosed in the consolidated statement of financial position. Management believes that there is limited credit risk from the receivable from related parties, because these counterparties are under the control of the ultimate parent company, who is financially healthy.

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2018.

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Loss rates are calculated using a simplified approach method defined under IFRS 9, which is based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The Group has made specific provision of QR 28.79 million during the year and weighted average loss rate range between 2.69% to 8%.

Bank balances (including short term investments)

The Group held cash and bank balances of QR 643,327 at 31 December 2018 (2017: QR 687,291) and short term investments of QR 245,656 (2017: QR 262,568). These bank balance and short term investments are held with banks, which have good accredited credit ratings from independent international rating agencies.

For the year ended 31 December 2018 In thousands of Qatari Riyals

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Bank balances (including short term investments)

Impairment on cash and bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

On initial application of IFRS 9, there was no material impact of impairment allowances at 1 January 2018. Therefore, the Group's cash at bank are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is minimal.

Financial investments
The Group manages credit risk on its investments by ensuring that investments are only made in counter-parties that have a good credit rating.

Insurance contract receivables
The maximum exposure to credit risk for insurance and reinsurance related receivables at the reporting date was equal to the receivables amount disclosed in the consolidated statement of financial position. The Group seeks to limit its credit risk in respect of insurance contract receivables by monitoring outstanding receivables. The Group only insures properties or interests of Qatar Petroleum Company. As such, the premiums and receivables comprise mainly of the single customer Qatar Petroleum Company. On the other hand, three reinsurer companies account for 45% (2017: 52%) of the reinsurance contract receivables as at 31 December 2018.

(c) Liquidity risk

The table below summarizes the maturity profile of the financial liabilities of the Group as at 31 December based on remaining undiscounted contractual obligations.

	Carrying amount	Contractual cash flows	1 – 12 months	1 – 3 years	More than 3 years
At 31 December 2018					
Loans and borrowings	5,020,069	(5,821,680)	(1,159,229)	(2,722,238)	(1,940,213)
Reinsurance contract liabilities	677,391	(677,391)	(677,391)	-	-
Trade payables, accruals and other payables	411,804	(411,804)	(411,804)	-	-
Reinsurance premium payable	141,715	(141,715)	(141,715)	-	-
Dividends payable	86,464	(86,464)	(86,464)	-	-
Due to related parties	28,283	(28,283)	(28,283)	-	-
Bank overdraft	1,408	(1,408)	(1,408)	-	-
	6,367,134	(7,168,745)	(2,506,294)	(2,722,238)	(1,940,213)

For the year ended 31 December 2018 In thousands of Qatari Riyals

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Carrying amount	Contractual cash flows	1 – 12 months	1 – 3 years	More than 3 years
At 31 December 2017					
Loans and borrowings	5,145,465	(5,746,661)	(1,053,191)	(2,070,939)	(2,622,531)
Reinsurance contract liabilities	611,186	(611,186)	(611,186)	-	-
Trade payables, accruals and other payables	450,431	(450,431)	(450,431)	-	-
Reinsurance premium payable	125,398	(125,398)	(125,398)	-	-
Dividends payable	95,346	(95,346)	(95,346)	-	-
Due to related parties	8,312	(8,312)	(8,312)	-	-
	6,436,138	(7,037,334)	(2,343,864)	(2,070,939)	(2,622,531)

(d) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed deposits and floating rate borrowings.

Exposure to interest rate risk:

The interest rate profile of the Group's interest bearing financial instruments is as follows:

	2018	2017
Fixed rate instruments		
Financial assets	**553,354**	667,187
Variable rate instruments		
Financial liabilities	**5,021,477**	5,176,174

Cash flow sensitivity analysis for variable rate instruments

A reasonably change of 100 basis points in interest rates at the reporting date would have increased or decreased profit or loss by QR 5,022 (2017: QR 5,176). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(ii) Equity price risk

The Group is exposed to equity price risk, which arises from equity securities at FVOCI or FVTPL (2017: available-for-sale, held to maturity, FVTPL and FVOCI). The Group has investment in shares which are listed on Qatar Stock Exchange and classified as FVOCI and FVTPL.

	2018	2017
Financial investment at FVTPL	**302,619**	201,029
Financial investment at FVOCI	**146,975**	315,816

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Equity price risk (continued)

Sensitivity analysis – Equity price risk

A 10% increase/ decrease in the market price of the securities held at FVTPL at the reporting date would have increased/ decreased equity by QR 30,262 (2017: QR 20,103). A 10% increase/ decrease in the market price of the structured investments and securities held at FVOCI at the reporting date would have increased/ decreased equity by QR 14,698 (2017: QR 31,582).

(iii) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue, expenses and borrowings are denominated and the respective functional currencies of the Companies. The functional currency of the Group are primarily Qatari Riyals and USD. Transactions of the Group in the US Dollar bear no foreign currency risk as the US Dollar is pegged with the Qatari Riyal. The currencies in which transactions are primarily denominated are Qatari Riyals.

The Group's exposure to foreign currency risk on financial assets is minimal as most of the transactions are in functional currency.

33. FINANCIAL INSTRUMENTS AT FAIR VALUE

The fair value of financial investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities at the close of business at the end of the reporting period.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair values cannot be measured reliably, these financial instruments are measured at cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of the financial assets and liabilities approximates their fair values. The estimated fair values of the Group's major financial instruments are provided in the tables below:

For the year ended 31 December 2018 In thousands of Qatari Riyals

33. FINANCIAL INSTRUMENTS AT FAIR VALUE (CONTINUED)

31 December 2018	Fair value through profit or loss	Loans and receivables	Fair value through OCI	Others amortized cost/ other financial liabilities	Total carrying value	Fair Value
Assets						
Cash and bank balances	-	-	-	643,941	643,941	643,941
Short term investments	-	-	-	244,521	244,521	244,521
Trade and other receivables	-	-	-	572,019	572,019	572,019
Reinsurance share of outstanding claims	-	-	-	406,915	406,915	406,915
Due from related parties	-	-	-	477,269	477,269	477,269
Financial investment	302,619	-	209,521	3,664	515,804	515,932
	302,619	**-**	**209,521**	**2,348,329**	**2,860,469**	**2,860,597**
Liabilities						
Loans and borrowings	-	-	-	4,996,565	4,996,565	4,996,565
Due to related parties	-	-	-	28,283	28,283	28,283
Trade payables, accruals and other liabilities	-	-	-	411,804	411,804	411,804
Reinsurance contract liabilities	-	-	-	677,391	677,391	677,391
Reinsurance premium payable	-	-	-	141,715	141,715	141,715
Dividend payable	-	-	-	86,464	86,464	86,464
Bank overdraft	-	-	-	1,408	1,408	1,408
	-	**-**	**-**	**6,343,630**	**6,343,630**	**6,343,630**

For the year ended 31 December 2018 In thousands of Qatari Riyals

33. FINANCIAL INSTRUMENTS AT FAIR VALUE (CONTINUED)

31 December 2017	Fair value through profit or loss	Loans and receivables	Available-for- sale	Others amortized cost/ other financial liabilities	Total carrying value	Fair Value
Assets						
Cash and bank balances	-	689,149	-	-	689,149	689,149
Short term investments	-	262,568	-	-	262,568	262,568
Trade and other receivables	-	472,681	-	-	472,681	472,681
Reinsurance share of outstanding claims	-	257,386	-	-	257,386	257,386
Due from related parties	-	433,549	-	-	433,549	433,549
Available-for-sale financial assets	-	-	387,370	-	387,370	387,370
Held-to-maturity financial assets	-	3,583	-	-	3,583	3,945
Financial assets at fair value through profit or loss	201,029	-	-	-	201,029	201,029
	201,029	2,118,016	387,370	-	2,707,315	2,707,677
Liabilities						
Loans and borrowings	-	-	-	5,145,465	5,145,465	5,145,465
Due to related parties	-	-	-	8,312	8,312	8,312
Trade payables, accruals and other liabilities	-	-	-	450,431	450,431	450,431
Reinsurance contract liabilities	-	-	-	611,186	611,186	611,186
Dividend payable	-	-	-	95,346	95,346	95,346
Reinsurance premium payable	-	-	-	125,398	125,398	125,398
	-	-	-	6,436,138	6,436,138	6,436,138

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33. FINANCIAL INSTRUMENTS AT FAIR VALUE (CONTINUED)

Fair value hierarchy

The fair value of financial instruments approximates their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

At the end of the year, the Group held the following financial investments measured at fair value.

	Level 1	Level 2	Level 3	Total
As at December 31, 2018				
Assets measured at fair value				
Financial assets at fair value through profit or loss	302,619	-	-	302,619
Financial assets at fair value through other comprehensive income	209,518	-	3	209,521
	512,137	-	3	512,140
As at December 31, 2017				
Assets measured at fair value				
Available-for-sale financial assets	387,368	-	2	387,370
Financial assets at fair value through profit or loss	201,029	-	-	201,029
	588,397	-	2	588,399

During the reporting year ended 31 December 2018 and 31 December 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

34. COMPARATIVE FIGURES

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.

Independent Auditor's report on pages 1 to 8.