QatarEnergy

Consolidated Financial Statements

31 December 2022

QatarEnergy

Consolidated Financial Statements
As at and for the year ended 31 December 2022

INDEX **Page(s)**

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

Independent auditors' report on the consolidated financial statements of QatarEnergy

To the Supreme Council for Economic Affairs and Investment, State of Qatar

Opinion

We have audited the consolidated financial statements of QatarEnergy (the "Corporation") and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

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 period. 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.

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

Key Audit Matters (continued)

1. Recognition of Revenue

See Note 3.21, 4.1(vi) and 26 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group recognised revenue of QR 188,954 million during the year. As disclosed in Note 8(b), the Group's share of profits from its joint ventures amounting to QR 82,624 million represents 53% of the Group's profit for the year while the total revenue for the year generated by these joint ventures amounted to QR 390,588 million. Revenue being a key economic indicator of the Group is significant to the consolidated financial statements and considering significant time and resources required to audit the revenue accounts and inherent risk of material misstatement, we considered this as a key audit matter.	Our audit procedures in this area included, among others: – assessing the design, implementation and operating effectiveness of the relevant internal controls over revenue recognition; – evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 15, our understanding of the business and related industry practice; – inspecting the agreements with customers to evaluate that revenue is recognised in accordance with the terms of the agreement and the requirements of IFRS 15; – performing test of details on a sample of revenue transactions by inspecting respective invoices, delivery statements and customers' acknowledgements and other corroborating evidence; – comparing on a sample basis, the revenue transactions recorded before and after the reporting period with underlying supporting documents to assess if related revenue is recorded in the correct accounting period; – testing journal entries relating to revenue recognised during the year based on identified risk criteria; and – evaluating the adequacy of the financial statement disclosures, including disclosure of key assumptions and judgements.

KPMG

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

Key Audit Matters (continued)

2. Accounting for Production Sharing agreements ("PSA")

See Note 3.21, 4.1(vii) and 8(a) to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
QatarEnergy, on behalf of the Government of State of Qatar, has entered into certain Development and Production Sharing Agreements (PSAs) with Foreign Partners, to facilitate the exploration and production of petroleum resources of the State of Qatar. Under the terms of the relevant PSAs, the Group has various rights and obligations in relation to those activities. Due to the complex structuring of these arrangements, the management exercises significant judgement in assessing the relevant factors to determine the accounting of these arrangements in the books of accounts. This also includes the assessment whether the Group acts as principal or agent with respect to those activities under the relevant PSAs. In making those assessments, the Group takes into account the relevant terms of the PSAs, the established past practices and the relevant laws issued to grant exclusive rights to the Corporation. We considered this matter as a key audit matter due to the significance of amounts involved, judgments required in determining the Group's role in the PSAs (i.e., principal or agent) and resulting accounting treatment.	Our audit procedures in this area included, among others: – obtaining an understanding and assessing the structure and terms of the PSAs in place with Foreign Partners in order to evaluate the conclusions reached by management and the judgements applied in reaching such conclusions; – reviewing the assessment prepared by management in relation to the accounting treatment for these PSAs and corroborating our understanding of such accounting treatment under IFRS Standards with the assistance of internal technical experts; – assessing the appropriate application of the principal versus agent accounting treatment for activities carried out under the PSAs as mandated by the underlying agreement, the established past practices and the relevant laws issued; – assessing the appropriateness of accounting policies applied in preparation of the consolidated financial statements and evaluating the compliance of policies with principles of IFRS Standards; and – evaluating the adequacy of the financial statement disclosures, including disclosure of key assumptions and judgements.

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

Other Information

Management is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board Audit Committee is responsible for overseeing the Corporation's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditors' 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 auditors' 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 Audit Committee 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 Audit Committee 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, actions taken to eliminate threats or safeguards applied.

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

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

From the matters communicated with the Board Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

31 May 2023
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251

Consolidated statement of financial position
As at 31 December 2022 QR '000

	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	**212,707,577**	203,654,495
Right-of-use assets	5(b)	**5,332,085**	1,898,474
Investment property	5(c)	**894,976**	899,954
Intangible assets	6	**8,885,361**	7,870,283
Investments in associates	7	**6,225,877**	5,898,875
Investments in joint ventures	8(b)	**143,811,802**	104,573,390
Other investments	9	**7,166,624**	7,271,640
Other non-current assets	10	**11,288,823**	26,974,076
		396,313,125	359,041,187
Current assets			
Inventories	12	**8,106,390**	5,354,552
Amounts due from Government of Qatar	13	**60,497,928**	48,056,749
Accounts receivables and prepayments	14	**30,832,493**	27,427,650
Other investments	9	**817,623**	767,877
Cash and cash equivalents	15	**94,195,986**	78,238,757
		194,450,420	159,845,585
TOTAL ASSETS		**590,763,545**	518,886,772

Continued on next page

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

QatarEnergy

Consolidated statement of financial position
As at 31 December 2022 QR '000

Continued from previous page

	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Capital	17	**100,000,000**	100,000,000
General reserve	18	**175,500,000**	175,500,000
Other reserves	19	**(456,392)**	(186,079)
Retained earnings		**190,497,509**	124,750,361
Equity attributable to owner of the Corporation		**465,541,117**	400,064,282
Non-controlling interests	38	**37,845,168**	35,849,595
Total equity		**503,386,285**	435,913,877
Non-current liabilities			
Loans and bonds	20	**47,960,691**	49,004,772
Employee benefits	21	**5,545,520**	4,342,503
Lease liabilities	22	**4,950,348**	1,632,927
Deferred income	23	**1,061,200**	1,095,695
Other non-current liabilities	24	**3,586,385**	2,119,354
		63,104,144	58,195,251
Current liabilities			
Loans and bonds	20	**1,655,607**	3,396,903
Accounts payables and accruals	25	**21,726,093**	20,730,177
Lease liabilities	22	**839,835**	599,158
Deferred income	23	**51,581**	51,406
		24,273,116	24,777,644
Total liabilities		**87,377,260**	82,972,895
TOTAL EQUITY AND LIABILITIES		**590,763,545**	518,886,772

These consolidated financial statements were approved by QatarEnergy's Board of Directors and signed on its behalf by the following

H.H. Sheikh Abdullah bin Hamad Al-Thani
The Deputy Emir
Chairman

Saad Sherida Al-Kaabi
Minister of State for Energy Affairs
Vice Chairman and President & CEO

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

QatarEnergy

Consolidated statement of profit or loss
For the year ended 31 December 2022

QR '000

	Note	2022	2021
Continuing operations			
Income			
Revenue	26	**188,954,028**	120,283,088
Other income	27	**7,181,183**	7,067,602
		196,135,211	127,350,690
Expenses			
Operating, selling and administrative expenses	28	**(86,057,281)**	(53,231,942)
Depreciation and amortization	29	**(13,632,336)**	(12,347,848)
Provision for expected credit losses on financial assets	30	**1,003,205**	(121,943)
		(98,686,412)	(65,701,733)
Net operating income		**97,448,799**	61,648,957
Share of profit of associates – net	7	**1,020,244**	645,828
Share of profit of joint ventures – net	8(b)	**82,624,104**	52,386,028
Dividend and interest income		**2,300,366**	936,901
Finance charges	31	**(1,917,002)**	(1,023,485)
Net monetary loss arising from hyperinflation	2.6	**(11,412)**	-
Profit before tax		**181,465,099**	114,594,229
Taxes	32	**(26,905,935)**	(16,684,166)
Profit for the year from continuing operations		**154,559,164**	97,910,063
Discontinued operations			
Loss from discontinued operations	11	**-**	(18,783)
Profit for the year		**154,559,164**	97,891,280
Attributable to:			
Owner of the Corporation		**148,031,921**	92,084,450
Non-controlling interests	38	**6,527,243**	5,806,830
		154,559,164	97,891,280

H.H. Sheikh Abdullah bin Hamad Al-Thani
The Deputy Emir
Chairman

Saad Sherida Al-Kaabi
Minister of State for Energy Affairs
Vice Chairman and President & CEO

The accompanying notes 1 to 43 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 2022 QR '000

	Note	2022	2021
Profit for the year		**154,559,164**	97,891,280
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefits obligations	19(i)	**(1,256,209)**	(11,141)
Equity investments at FVOCI – net change in fair value	19(ii)	**212,811**	46,765
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	19(iii)	**746,870**	284,394
Foreign operations – foreign currency translation differences	19(iv)	**(243,550)**	(259,198)
Total other comprehensive income		**(540,078)**	60,820
Total comprehensive income for the year		**154,019,086**	97,952,100
Attributable to:			
Owner of the Corporation		**147,606,572**	92,065,901
Non-controlling interests		**6,412,514**	5,886,199
		154,019,086	97,952,100

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

QatarEnergy

Consolidated statement of changes in equity
For the year ended 31 December 2022

QR '000

	Equity attributable to owner of the Corporation						
	Capital	**General reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
At 1 January 2021	100,000,000	175,500,000	(166,101)	75,561,628	350,895,527	31,680,535	382,576,062
Profit for the year	-	-	-	92,084,450	92,084,450	5,806,830	97,891,280
Other comprehensive income for the year	-	-	(18,549)	-	(18,549)	79,369	60,820
Total comprehensive income for the year	-	-	(18,549)	92,084,450	92,065,901	5,886,199	97,952,100
Reclassification of fair value reserve on sale of investments at FVOCI	-	-	(1,535)	1,535	-	-	-
Transfer to Social Fund (Note 33)	-	-	-	(147,589)	(147,589)	(144,520)	(292,109)
Dividend (Note 40)	-	-	-	(42,687,628)	(42,687,628)	-	(42,687,628)
Dividend to non-controlling interests	-	-	-	-	-	(1,662,756)	(1,662,756)
Transfer to other reserves	-	-	59,590	(59,590)	-	-	-
Other movement during the year	-	-	(59,484)	(2,445)	(61,929)	90,137	28,208
At 31 December 2021 / 1 January 2022	100,000,000	175,500,000	(186,079)	124,750,361	400,064,282	35,849,595	435,913,877
Profit for the year	-	-	-	148,031,921	148,031,921	6,527,243	154,559,164
Other comprehensive income for the year	-	-	(425,349)	-	(425,349)	(114,729)	(540,078)
Total comprehensive income for the year	-	-	(425,349)	148,031,921	147,606,572	6,412,514	154,019,086
Reclassification of fair value reserve on sale of investments at FVOCI	-	-	(55,832)	55,832	-	(3,261)	(3,261)
Transfer to Social Fund (Note 33)	-	-	-	(154,186)	(154,186)	(157,749)	(311,935)
Dividend (Note 40)	-	-	-	(82,074,789)	(82,074,789)	-	(82,074,789)
Dividend to non-controlling interests	-	-	-	-	-	(4,314,792)	(4,314,792)
Transfer to other reserves	-	-	30,764	(30,764)	-	-	-
Effect of hyperinflation (Note 2.6)	-	-	-	7,646	7,646	68,818	76,464
Other movement during the year	-	-	180,104	(88,512)	91,592	(9,957)	81,635
At 31 December 2022	**100,000,000**	**175,500,000**	**(456,392)**	**190,497,509**	**465,541,117**	**37,845,168**	**503,386,285**

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

Consolidated statement of cash flows
For the year ended 31 December 2022 QR '000

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**154,559,164**	97,891,280
Adjustments for:			
- Depreciation of property, plant and equipment	29	**12,372,104**	11,224,763
- Loss on disposal / derecognition of property, plant and equipment		**26,288**	85,177
- Write-off of property, plant and equipment	28	**784,755**	748,461
- Depreciation of right-of-use assets	29	**837,900**	679,381
- Write-off of right-of-use assets	28	**27**	-
- Depreciation of investment property	29	**16,454**	16,287
- Amortization of intangible assets and catalysts	29	**405,878**	427,417
- Write-off of intangible assets	28	**14,014**	-
- (Reversal of) / provision for expected credit losses on financial assets – net	30	**(1,003,205)**	121,943
- Provision for / (reversal of) impairment losses – net	28	**3,620**	(5,059)
- Provision for inventory obsolescence	28	**74,285**	53,588
- Provision for employee benefits – net	21	**433,072**	(636,770)
- Provision for decommissioning costs – net	24(a)	**(18,351)**	-
- Loss from discontinued operations	11	**-**	18,783
- Fair value gain on investment at fair value through profit or loss	9(b)	**(11,133)**	(20,806)
- Share of profit of associates – net	7	**(1,020,244)**	(645,828)
- Share of profit of joint ventures – net	8(b)	**(82,624,104)**	(52,386,028)
- Provision for earn-out liability	28	**277,736**	-
- Dividend and interest income		**(2,300,366)**	(936,901)
- Net (gain) / loss on unrealised derivative financial instruments		**(599,806)**	733,169
- Deferred income		**(34,320)**	57,745
- Finance charges	31	**1,917,002**	1,023,485
- Taxes	32	**26,905,935**	16,684,166
- Net Monetary gain arising from hyperinflation	2.6	**11,412**	-
- Gain on derecognition of right-of-use assets	5(b)	**(1,611)**	(76,164)
		111,026,506	75,058,089
Working capital changes:			
- Inventories		**(1,692,248)**	(404,092)
- Amounts due from Government of Qatar		**(12,441,179)**	(10,253,179)
- Accounts receivables and prepayments		**1,321,387**	(9,351,950)
- Accounts payables and accruals		**(1,102,499)**	(508,066)
Cash generated from operations		**97,111,967**	54,540,802
Employee benefits paid	21	**(469,400)**	(411,302)
Finance charges paid		**(1,890,365)**	(375,779)
Taxes paid		**(28,574,061)**	(16,459,630)
Net cash from operating activities		**66,178,141**	37,294,091

Continued on next page

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

Consolidated statement of cash flows
For the year ended 31 December 2022 QR '000

Continued from previous page

	Note	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(18,456,916)**	(18,281,150)
Proceeds from disposal of property, plant and equipment		**25,127**	27,605
Acquisition of investment Property	5(c)	**(148)**	-
Acquisition of intangible assets	6	**(19,108)**	(17,626)
Repayments from associates – net	7	**12,632**	85,733
Additions to investments in joint ventures – net		**(1,287,258)**	(2,317,169)
Dividend received from associates and joint ventures		**76,808,372**	45,548,746
Net cash movement of financial assets at FVOCI		**338,655**	(361,598)
Net cash movement of financial assets at amortised cost		**62,306**	(969,287)
Dividend and interest received from other investments		**1,713,341**	936,901
Additions to projects under development	10(b)	**(20,304,550)**	(15,945,869)
Net cash movement in other non-current assets		**(1,532,477)**	(668,580)
Net cash movement of financial assets at fair value through profit or loss	9(b)	**(52,459)**	(33,038)
Movement in term deposits and restricted cash		**2,798,856**	(5,021,240)
Net cash inflow on acquisition of assets	37	**1,748,762**	-
Net cash inflow on acquisition of subsidiaries		**-**	19,041
Proceeds from disposal of asset held for sale	11	**-**	55,374
Net cash from investing activities		**41,855,135**	3,057,843
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and bonds		**106,288**	45,591,453
Repayment of loans		**(2,477,423)**	(437,855)
Payment of lease liabilities	22	**(764,980)**	(494,914)
Movement in other non-current liabilities		**285,196**	1,514
Dividend paid	40	**(82,074,789)**	(42,687,628)
Dividend paid to non-controlling interests		**(4,314,792)**	(1,662,756)
Payment of decommissioning liability	24(a)	**(40,833)**	-
Other movements in non-controlling interests		**-**	59,719
Net cash (used in) / from financing activities		**(89,281,333)**	369,533
Net increase in cash and cash equivalents		**18,751,943**	40,721,467
Effect of movements in exchange rates on cash held		**4,142**	7,488
Cash and cash equivalents at beginning of year		**64,615,421**	23,886,466
Cash and cash equivalents at end of year	15	**83,371,506**	64,615,421

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

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

1. Legal status and principal activities

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

The principal activities of QatarEnergy, its subsidiaries, joint operations, joint ventures and associates are the exploration, production and sale of crude oil, natural gas and gas liquids and refined products, production and sale of petrochemicals, fuel additives, fertilisers, liquefied natural gas (“LNG”) including trading thereof, steel, aluminium, chartering of helicopters, identifying solar power opportunities to develop, design, finance, build, install, own, operate and maintain solar power facilities, investing in industrial and international projects, underwriting insurance, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas and refined petroleum products and other services. The principal place of business of QatarEnergy is in the State of Qatar.

Pursuant to Law No. 3 of 2007 on the Exploitation of Natural Resources, QatarEnergy holds the exclusive right to explore, develop and produce petroleum, natural gas and other hydrocarbons and for the investment and development of such materials.

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

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

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

These consolidated financial statements are prepared to meet the requirements of Article 21 of Emiri Decree No. 10 of 1974 (as amended by Law No. 5 of 2012 and Law No. 18 of 2021) (the ‘governing law’). These consolidated financial statements reflect the financial information of QatarEnergy and its subsidiaries, joint operations, joint ventures and associates (together referred to as the “Group”).

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 16 April 2023.

2. Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

i. Certain financial instruments that are measured at fair value.
ii. Parcels of land granted to QatarEnergy from the State of Qatar, which are measured at nominal value as Government Grant.

2. Basis of preparation (continued)

2.2 Basis of measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.3 Components of the Group

The Group includes the following subsidiaries, joint ventures, associates and joint operations at 31 December 2022:

Direct subsidiaries of QatarEnergy

Entity/Group	Shareholder	Country of incorporation	Principal activities	Equity holding 2022	Equity holding 2021
Industries Qatar Q.P.S.C. (“IQ”)	QatarEnergy	Qatar	Holding company	51.00%	51.00%
QP Qatar Gas (3) Limited (Qatari Private Shareholding Company) (“QPQG3”)	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum International Limited (Qatari Private Shareholding Company) (“QPI”)	QatarEnergy	Qatar	Investment in international projects across the energy value chain	100.00%	100.00%
Al Shaheen Holding Q.S.C. (“Al Shaheen”)	QatarEnergy	Qatar	Holding company	100.00%	100.00%
QP Qatar Gas (4) Limited (Qatari Private Shareholding Company) (“QPQG4”)	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Gulf International Services Q.P.S.C. (“GIS”)	QatarEnergy	Qatar	Holding company invested in drilling, helicopter transportation, insurance and catering services	10.00%	10.00%
QP Ras Gas (3) Limited (Qatari Private Shareholding Company) (“QPRG3”)	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Mesaieed Petrochemical Holding Company Q.P.S.C. (“MPHC”)	QatarEnergy	Qatar	Own and invest in Petrochemical projects	65.41%	65.43%
QP Oil & Gas Limited (Qatari Joint Stock Company) (“QPOG”)	QatarEnergy	Qatar	Holding company	100.00%	100.00%

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Direct subsidiaries of QatarEnergy (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	Equity holding 2022	Equity holding 2021
Seef Limited ("Seef")	QatarEnergy	Qatar	Production and sale of linear alkyl benzene, heavy alkyl benzene and other related products.	100.00%	100.00%
QatarEnergy Oil and Gas (2) ("QEOG2) (Formerly known as Zekreet Gasoline)	QatarEnergy	Qatar	Refinery facilities and production, loading and marketing of refined products.	100.00%	100.00%
QatarEnergy Oil and Gas (1) ("QEOG1") (Formerly known as Qatar Petroleum Oil and Gas Limited (1) (Qatari Private Shareholding Company))	QatarEnergy	Qatar	Holding company	100.00%	100.00%
Qatar Aluminium Manufacturing Company Q.P.S.C. ("QAMCO")	QatarEnergy	Qatar	Holding company invested in aluminium manufacturing	51.00%	51.00%
Qatar Fuel Company Q.P.S.C. ("Woqod")	QatarEnergy	Qatar	Sale, marketing and distribution of oil, gas and refined petroleum products, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas, vessel chartering and real estate services.	20.00%	20.00%
Siraj Energy Q.P.S.C. ("Siraj")	QatarEnergy	Qatar	Investment in renewable energy projects specializing solar energy as a provider and installer of solar panels with focus on solar energy research.	51.00%	51.00%
Qatar Liquefied Gas Company Limited Q.P.J.S.C. ("QG1") *	QatarEnergy	Qatar	Production, marketing and transportation of LNG	100.00%	-

* QG1 was a joint venture as on 31 December 2021. Refer Note 37.

Subsidiaries of QatarEnergy's subsidiaries (Indirect subsidiaries)

Entity/Group	Shareholder	Country of incorporation	Principal activities	Equity holding 2022	Equity holding 2021
Qatar Steel Company Q.P.S.C.	IQ	Qatar	Manufacturing of steel billets and reinforcing bars	51.00%	51.00%
Qatar Steel Company FZE (Dubai)	IQ	UAE	Production and sale of high-quality steel wire rod products	51.00%	51.00%
Qatar Steel Industrial Investment Company S.P.C. ("QSIIC") **	IQ	Qatar	Investment in steel industry	-	51.00%
Qatar Fertiliser Company P.S.C. ("QAFCO")	IQ	Qatar	Production and sales of urea and ammonia	51.00%	51.00%

** QSIIC was liquidated during the year.

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

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

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
Gulf Formaldehyde Company (P.Q.S.C.) ("GFC")	IQ	Qatar	Production and sales of urea formaldehyde concrete.	35.70%	35.70%
Qatar Melamine Company (P.Q.S.C.) ("QMC")	IQ	Qatar	Production and sale of Melamine	51.00%	51.00%
Qatar Terminal Limited ("QTL")	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum Gas Trading Limited (QGII) (Qatari Private Shareholding Company) ("QPGT") *	QPI	Qatar	Holding company	-	100.00%
Qatar Petroleum LNG Services (QGII) Limited (Qatari Private Shareholding Company) ("QPLNG") *	QPI	Qatar	Holding company	-	100.00%
QP U.S. Holding Corporation Inc. ("QTLH")	QPI	USA	Holding company	100.00%	100.00%
QTL U.S. Terminal L.L.C. ("QTLT")	QPI	USA	Holding company	100.00%	100.00%
QPI Egypt Limited	QPI	Cayman Islands	Special purpose entity	100.00%	100.00%
QP Netherlands Holdings B.V. ("QPIH")	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QPI Upstream B.V.("QPIUBV")	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QPI Tamba B.V.	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QP Brazil Investments B.V. ("QPIBIV")	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QP Brazil Investments (2) B.V. ("QPIBIV 2")	QPI	The Netherlands	Special purpose entity	100.00%	100.00%
QPI Energy Canada Ltd ("QIECL")	QPI	Canada	Special purpose entity	100.00%	100.00%

* QPGT and QPLNG were liquidated during the year.

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

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

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
Qatar Petroleum International Upstream Limited W.L.L. ("QPIU")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum International Gas & Power W.L.L ("QPGP") *	QPI	Qatar	Special purpose entity	-	100.00%
QatarEnergy Renewable Solutions L.L.C. (Formerly known as Qatar Petroleum Marketing L.L.C.).	QPI	Qatar	Special purpose entity	100.00%	100.00%
QP Brasil Ltda	QPI	Brazil	Production and sale of crude oil and natural gas	100.00%	100.00%
Green Ocean LNG Limited	QPI	Bahamas	Special purpose entity	100.00%	100.00%
QatarEnergy Holdings (UK) Ltd (formerly 'Qatar Petroleum Holdings (UK) Ltd')	QPI	United Kingdom	Holding company	100.00%	100.00%
Wave LNG Solutions L.L.C. ("WLNG")	QPI	Qatar	Special purpose entity	100.00%	100.00%
QP Gulf of Mexico L.L.C.	QPI	USA	Special purpose entity	100.00%	100.00%
QP US Petrochemicals L.L.C.("QPUSP")	QPI	USA	Special purpose entity	100.00%	100.00%
Qatar Petroleum Argentina Holdings L.L.C. ("QPARG")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum Africa Holdings LLC ("QPAH")	QPI	Qatar	Special purpose entity	100.00%	100.00%
Qatar Petroleum Mozambique Holdings L.L.C. ("QPMH")	QPI	Qatar	Special purpose entity	100.00%	100.00%
QP Exploration & Production Holdings L.L.C. ("QPEP")	QPI	Qatar	Holding company	100.00%	100.00%
Qatar Petroleum Mozambique, Limitada	QPI	Mozambique	Petroleum operations	100.00%	100.00%
QPI Mexico S.A. de C.V.	QPI	Mexico	Exploration and extraction of oil and gas	100.00%	100.00%
QP Oil & Gas SAU	QPI	Argentina	Exploration & extraction of oil and gas	100.00%	100.00%
QatarEnergy International Investments LLC (QFC)	QPI	Qatar	Holding company	100.00%	100.00%

* QPGP was liquidated during the year.

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

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

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
Al Shaheen Distribution Ltd. Q.P.S.C. ("ASDC") *	Al Shaheen	Qatar	Sale and marketing of products	-	100.00%
Al Koot Insurance & Reinsurance Company P.J.S.C. ("Al Koot")	GIS	Qatar	Insurance services	10.00%	10.00%
Gulf Helicopters Company (Qatari Private Shareholding Company) ("GHC")	GIS	Qatar	Helicopter services	10.00%	10.00%
Amwaj Catering Services Limited (Qatari Private Shareholding Company) ("Amwaj")	GIS	Qatar	All types of Catering services and related services	10.00%	10.00%
Gulf Drilling International Ltd. (Qatari Private Shareholding Company) ("GDI")	GIS	Qatar	Drilling services	10.00%	10.00%
United Helicharters Private Limited.	GIS	India	Helicopter services	9.00%	9.00%
Al Maha Aviation Company	GIS	Libya	Aviation services	10.00%	10.00%
Redstar Havacilik Hizmetleri A.S. ("Redstar")	GIS	Turkey	Aviation services	10.00%	10.00%
Gulf Helicopters Investment & Leasing Company	GIS	Morocco	Helicopter services	10.00%	10.00%
WOQOD Vehicle Inspection Co. ("FAHES") W.L.L.	Woqod	Qatar	Vehicle inspection services	20.00%	20.00%
Qatar Jet Fuel Company W.L.L.	Woqod	Qatar	Supply of jet fuel	12.00%	12.00%
WOQOD Marine Services Co. W.L.L.	Woqod	Qatar	Chartering of marine vessels	20.00%	20.00%
WOQOD International Co. W.L.L.	Woqod	Qatar	Holding company for international business of Woqod	20.00%	20.00%
WOQOD Kingdom Co. W.L.L.	Woqod	KSA	Dormant entity	20.00%	20.00%
Ard Al Khaleej Real Estate W.L.L.	Woqod	Qatar	Owning and renting of real estates	20.00%	20.00%
Polaris Marine Services L.L.C.	Woqod	Oman	Chartering of marine vessels	20.00%	20.00%
Sidra Al Ghariya Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%

* ASDC was liquidated during the year.

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

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

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
Sidra Al Wajbah Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Ocean Marine Services Limited	Woqod	Republic of Liberia	Ship owners	-	20.00%
Sidra Al Ruwais Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Orbit Marine Services	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Al Rumeila Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Messaied Shipping Co.	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Horizon Marine Services Limited	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Doha Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
Sidra Al Khor Shipping Company	Woqod	Republic of Liberia	Ship owners	20.00%	20.00%
QatarEnergy Trading LLC	QEOG1	Qatar	Trading of liquified natural gas (LNG) and related ancillary activities	100.00%	100.00%
QatarEnergy Marine Holdings LLC*	QEOG1	Qatar	Holding company	100.00%	-
Qatar Energy Marine (1) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (2) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (3) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (4) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (5) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (6) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (7) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (8) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (9) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-
Qatar Energy Marine (10) LLC*	QEOG1	Qatar	LNG vessel owner	100.00%	-

* These are newly incorporated companies during the year.

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

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

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
Qatar Liquified Gas Company Limited (5) *	QEOG1	Qatar	Extraction of Natural Gas	-	100.00%
Qatar Liquified Gas Company Limited (6) *	QEOG1	Qatar	Extraction of Natural Gas	-	100.00%
Qatar Liquified Gas Company Limited (7) *	QEOG1	Qatar	Extraction of Natural Gas	-	100.00%
Qatar Liquified Gas Company Limited (8) *	QEOG1	Qatar	Extraction of Natural Gas	-	100.00%
Qatar Liquified Gas Company Limited (9) *	QEOG1	Qatar	Extraction of Natural Gas	-	100.00%

* These companies became joint ventures during the year.

Joint ventures of the Group

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
Qatar Liquefied Gas Company Limited Q.P.J.S.C. (QG1) *	QatarEnergy	Qatar	Production, marketing and transportation of LNG	-	65.00%
Ras Laffan Liquefied Natural Gas Company Limited Q.P.J.S.C. (RG1)	QatarEnergy	Qatar	Production, liquefaction, shipping and marketing of LNG	63.00%	63.00%
Ras Laffan Liquefied Natural Gas Company Limited. (II) Q.P.J.S.C. (RG2)	QatarEnergy	Qatar	Production, liquefaction, shipping and marketing of LNG	67.05%	67.05%
RasGas Company Limited Q.P.J.S.C.	QatarEnergy	Qatar	Operating company	70.00%	70.00%
Qatex Limited	QatarEnergy	Qatar	Aviation fuel storage and transportation services	51.00%	51.00%
Oryx GTL Limited. (Oryx)	QatarEnergy	Qatar	Management operation and maintenance of Gas to Liquids complex	51.00%	51.00%
Qatar Liquefied Gas Company Limited (2) Q.P.J.S.C. (QG2)	QatarEnergy	Qatar	Production, marketing and transportation of LNG	67.50%	67.50%
Qatar Gas Operating Company Limited Q.P.J.S.C.	QatarEnergy	Qatar	Operating company	70.00%	70.00%

* QG1 is subsidiary from 1 January 2022.

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Joint ventures of the Group (continued)

Entity/Group	Shareholder(s)	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
Laffan Refinery Company Limited Q.P.J.S.C. (LR1)	QatarEnergy	Qatar	Operation of refinery facilities and production and marketing of refined products	51.00%	51.00%
Barzan Gas Company Limited Q.P.J.S.C. (Barzan)	QatarEnergy	Qatar	Production, marketing and transportation of Petroleum products.	93.00%	93.00%
Qatar Vinyl Company Limited Q.P.J.S.C. (QVC)	QatarEnergy / MPHC / IQ	Qatar	Production and sale of Petrochemical products	62.02%	62.04%
Qatofin Company Limited Q.P.J.S.C.	QatarEnergy / IQ	Qatar	Production and Sales of Petrochemical products	25.97%	25.97%
Qatar Chemical Company Limited Q.P.J.S.C. (Q-chem)	QatarEnergy / MPHC	Qatar	Production and sale of Petrochemical products	34.05%	34.06%
Qatar Chemical Company II Limited Q.P.J.S.C. (Q-chem II)	QatarEnergy / MPHC	Qatar	Production and sale of Petrochemical products	34.05%	34.06%
Ras Laffan Olefins Company Limited. Q.P.J.S.C.	QatarEnergy / MPHC	Qatar	Operate and maintain Ethylene cracker plant	31.02%	31.02%
Laffan Refinery Company Limited 2 Q.P.J.S.C. (LR2)	QatarEnergy	Qatar	Operation of refinery facilities and production and marketing of refined products	84.00%	84.00%
Gasal Q.P.S.C.	QatarEnergy	Qatar	Manufacture and supply of industries gases	30.50%	30.50%
Qatar Petrochemical Company Q.P.J.S.C. (QAPCO)	IQ	Qatar	Production and sale of ethylene, polyethylene, hexane and other petrochemical products	40.80%	40.80%
Qatar Fuel Additives Company Limited Q.P.S.C. (QAFAC)	IQ	Qatar	Production and sale of Methyl-tertiary-butyl-ether (MBTE) and methanol	25.50%	25.50%
Qatar Liquefied Gas Company Limited. (3) (QG3)	QPQG3	Qatar	Production, marketing and transportation of LNG	68.50%	68.50%

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Joint ventures of the Group (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
QPI & Shell Petrochemicals (Singapore) Pte. Ltd. (QSPS)	QPI	Singapore	Investment in petrochemical plants	49.00%	49.00%
South Hook Gas Company Ltd.	QPI	UK	Investment in gas marketing company	70.00%	70.00%
South Hook LNG Terminal Company Ltd. (SH LNG)	QPI	UK	LNG receiving and regasification	67.50%	67.50%
Adriatic LNG Terminal (ALNG)	QPI	Italy	LNG receiving and regasification	22.02%	22.02%
Arab Refining Company (ARC)	QPI	Egypt	Investment in refinery projects	38.11%	38.11%
Golden Pass LNG Terminal L.L.C. (GPLNG)	QPI	USA	LNG receiving and regasification	70.00%	70.00%
Golden Pass Pipeline L.L.C. (GPPL)	QPI	USA	Gas dispatching	70.00%	70.00%
ExxonMobil Exploration Argentina S.R.L. (EMEA)	QPI	Argentina	Petroleum operations	30.00%	30.00%
Mobil Argentina S.A. (MASA)	QPI	Argentina	Petroleum operations	30.00%	30.00%
Ocean LNG Ltd.	QPI	Bahamas	Marketing arm of Golden Pass outside U.S.	70.00%	70.00%
Marine LNG Solutions LLC	QPI	Qatar	Special purpose entity	50.00%	50.00%
TOQAP Guyana B.V.	QPI	Netherlands	Petroleum operations	40.00%	40.00%
Golden Triangle Polymers Company Holdings LLC	QPI	USA	Petrochemical operations	49.00%	-
Al Shaheen Baker Hughes Services (Formerly known as Al Shaheen GE Services Company)	Al Shaheen	Qatar	Repair of GE gas turbines, compressors and other related auxiliary services	50.00%	50.00%
Qatar Liquefied Gas Company Limited. (4) (QG4)	QPQG4	Qatar	Production, marketing and transportation of LNG	70.00%	70.00%
Gulf Med Aviation Services Limited	GIS	Malta	Helicopter services	4.90%	4.90%
Air Ocean Maroc	GIS	Morocco	Helicopter services	4.90%	4.90%
Gulf Drill L.L.C.	GIS	Qatar	Drilling services	5.00%	5.00%
Ras Laffan Liquefied Natural Gas Company Limited. (3) (RG3)	QPRG3	Qatar	Production, liquefaction, shipping and marketing of LNG	70.00%	70.00%

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Joint ventures of the Group (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
North Oil Company Q.P.S.C.	QPOG	Qatar	Petroleum operations-exclusive rights	70.00%	70.00%
Qatar Aluminium Company Limited Q.P.J.S.C. (Qatalum)	QAMCO	Qatar	Production and sale of Aluminium products	25.50%	25.50%
Siraj (1) Q.P.S.C	Siraj	Qatar	Investment in renewable energy projects specializing solar energy as a provider and installer of solar panels with focus on solar energy research	60.00%	60.00%
Qatar Liquified Gas Company Limited (5) *	QEOG1	Qatar	Extraction of Natural Gas	100.00% **	-
Qatar Liquified Gas Company Limited (6) *	QEOG1	Qatar	Extraction of Natural Gas	75.00%	-
Qatar Liquified Gas Company Limited (7) *	QEOG1	Qatar	Extraction of Natural Gas	75.00%	-
Qatar Liquified Gas Company Limited (8) *	QEOG1	Qatar	Extraction of Natural Gas	75.00%	-
Qatar Liquified Gas Company Limited (9) *	QEOG1	Qatar	Extraction of Natural Gas	75.00%	-

* These companies were subsidiaries as on 31 December 2021.
** Refer Note 4.1 (xvii) for further details.

Associates of the Group

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
Arab Maritime Petroleum Transport Company	QatarEnergy	Kuwait	Operates and charters a fleet of crude and petro product tankers	14.80%	14.80%
Arab Petroleum Investment Corporation	QatarEnergy	KSA	Participation in financing petroleum projects and industries	10.00%	10.00%
Arab Petroleum Services Company	QatarEnergy	Libya	Provision of petroleum services	10.00%	10.00%
Arab Petroleum Pipelines Company	QatarEnergy	Egypt	Operate pipelines to transfer petroleum	5.00%	5.00%
Ras Laffan Power Company Limited	QatarEnergy	Qatar	Production and supply of electricity and production of desalinated water	10.00%	10.00%

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Associates of the Group (continued)

Entity/Group	Shareholder	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
Mesaieed Power Company Limited Q.P.S.C.	QatarEnergy	Qatar	Production and supply of electricity	20.00%	20.00%
Ras Girtas Power Company	QatarEnergy	Qatar	Production and supply of electricity and production of desalinated water	15.00%	15.00%
Umm Al Houl Power Q.P.S.C.	QatarEnergy	Qatar	Production and supply of electricity and production of desalinated water	5.00%	5.00%
Qatar Metals Coating Company W.L.L.	IQ	Qatar	Production and sale of epoxy resin coated bars	25.50%	25.50%
Foulath Holding B.S.C.	IQ	Bahrain	Manufacture and sale of various sale products	12.75%	12.75%
SOLB Steel Company (SSC)	IQ	KSA	Manufacture and sale of steel products	15.83%	15.83%
TotalEnergies E&P Congo	QPI	Republic of Congo	Upstream exploration and production	15.00%	15.00%
Tamba B.V.	QPI	Netherlands	Operates and manages FPSO leases and Subsea leases	23.00%	23.00%
AKG Holding Limited.	QPRG3	Bahamas	Production and sale of gas	12.50%	12.50%

Joint operations of the Group

Entity/Group	Investor	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
Qatar Gas Upstream (Unincorporated) *	QatarEnergy	Qatar	Production and marketing of Condensate	-	65.00%
Pearl GTL Project North Field (Unincorporated) **	QatarEnergy	Qatar	Developing of gas to liquid project in Ras Laffan	-	-
Dolphin Gas Project (Unincorporated) **	QatarEnergy	Qatar	Recover and export natural gas for export purpose.	-	-
Al Khaleej Gas Project (Unincorporated) **	QatarEnergy	Qatar	Enhanced gas utilization	-	-

* Qatar Gas Upstream was a joint operation which was merged into QG1 as on 1 January 2022.

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

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Joint operations of the Group (continued)

Entity/Group	Investor	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding 2022	2021
BC-10 Concession	QPI	Brazil	Upstream exploration and production assets of Block BC-10	23.00%	23.00%
Offshore Block 10 & Block 5	QPI	Cyprus	Upstream exploration and production	40.00%	40.00%
Alto de Cabo Frio-Oeste block	QPI	Brazil	Upstream exploration and production	25.00%	25.00%
11B/12B Block	QPI	South Africa	Upstream exploration and production	25.00%	25.00%
Block 3,4,6,7	QPI	Mexico	Upstream exploration and production	40.00%	40.00%
Block 24	QPI	Mexico	Upstream exploration and production	35.00%	35.00%
Block 536 & 647	QPI	Brazil	Upstream exploration and production	36.00%	36.00%
Tita Block	QPI	Brazil	Upstream exploration and production	36.00%	36.00%
Block 789 & 753	QPI	Brazil	Upstream exploration and production	30.00%	30.00%
Block 541	QPI	Brazil	Upstream exploration and production	40.00%	40.00%
Block 659 & 713	QPI	Brazil	Upstream exploration and production	25.00%	25.00%
Block A5A	QPI	Mozambique	Upstream exploration and production	25.50%	25.50%
Block A5B	QPI	Mozambique	Upstream exploration and production	10.00%	10.00%
Block 52	QPI	Oman	Upstream exploration and production	30.00%	30.00%
Tarfaya Shallow Block	QPI	Morocco	Upstream exploration and production	30.00%	30.00%

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Joint operations of the Group (continued)

Entity/Group	Investor	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
Block Z5C & Z5D*	QPI	Mozambique	Upstream exploration and production	-	10.00%
Block MLO113, Block MLO117 & Block MLO118	QPI	Argentina	Upstream exploration and production	30.00%	30.00%
Block CAN107& Block CAN109	QPI	Argentina	Upstream exploration and production	40.00%	40.00%
Block 2912	QPI	Namibia	Upstream exploration and production	28.33%	28.33%
Block 2913B	QPI	Namibia	Upstream exploration and production	30.00%	30.00%
Block CI-705 & Block CI-706 *	QPI	Cote d'Ivoire	Upstream exploration and production	-	45.00%
Block 48*	QPI	Angola	Upstream exploration and production	-	30.00%
Block L12, L11A & L11B	QPI	Kenya	Upstream exploration and production	25.00%	25.00%
Block EL 1162	QPI	Canada	Upstream exploration and production	40.00%	40.00%
Block EL 1165A *	QPI	Canada	Upstream exploration and production	-	40.00%
Block PEL 39 (2913A & (2914B)	QPI	Namibia	Upstream exploration and production	45.00%	45.00%
Block 15	QPI	Mexico	Upstream exploration and production	50.00%	50.00%
Block 33 & Block 34	QPI	Mexico	Upstream exploration and production	15.00%	15.00%
Blocks 3314 and 3315	QPI	South Africa	Upstream exploration and production	29.17%	29.17%

* During the year 2022, the Group had exited from the following blocks:

- Block Z5C & Z5D in Mozambique
- Block CI-705 in Cote d'Ivore (CI-706 in 2021)
- Block 48 in Angola
- Block EL 1165A in Canada

2. Basis of preparation (continued)

2.3 Components of the Group (continued)

Joint operations of the Group (continued)

Entity/Group	Investor	Country of incorporation	Principal activities	QatarEnergy's effective percentage holding	
				2022	2021
DWOB Block	QPI	South Africa	Upstream exploration and production	30.00%	30.00%
Blocks 3013 and 3113	QPI	South Africa	Upstream exploration and production	45.00%	45.00%
Block SEPIA*	QPI	Brasil	Upstream exploration and production	21.00%	-
Al Khalij Block 6 Field	QPOG	Qatar	Petroleum operations-exclusive rights	60.00%	60.00%

* During the year, the Group acquired 21% holding in SEPIA block.

2.4 New amendments to standards adopted by the Group

During the current year, the Group adopted the below amended IFRS Standards that are effective for the financial year ended 31 December 2022:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The adoption of above amended IFRS Standards did not have a significant impact on the Group's consolidated financial statements.

2.5 New and amended IFRS Standards not yet effective, but available for early adoption

The below new and amended IFRS Standards that are not yet effective but available for early adoption, have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2023	• IFRS 17 Insurance Contracts and amendments to IFRS 17 • Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) • Definition of Accounting Estimate (Amendments to IAS 8) • Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – (Amendments to IAS 12)
Effective for year beginning 1 January 2024	• Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) • Classification of liabilities as current or non-current (Amendments to IAS 1)
Effective date deferred indefinitely / available for optional adoption	• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

2. Basis of preparation (continued)

2.5 New and amended IFRS Standards not yet effective, but available for early adoption (continued)

The Group does not expect that the adoption of the above new and amended IFRS Standards to have a significant impact on the Group's consolidated financial statements, except IFRS 17 'Insurance Contracts', that establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The standard is effective for annual periods beginning on or after 1 January 2023 with an earlier application is permitted. Refer Note 2.7.

2.6 IAS 29 – Financial Reporting in Hyperinflationary Economies

Classification of Turkey as a hyperinflationary economy

The Group has operations in Turkey through its indirect subsidiary. The functional currency of the subsidiary in Turkey is Turkish Lira.

From 1 April 2022, the Turkish economy has been considered hyperinflationary based on the characteristics established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

IAS 29 requires that consolidated financial statements are stated in terms of the measuring unit current at the balance sheet date which requires restatement of non-monetary assets and liabilities to reflect the changes in the general purchasing power of the Turkish Lira.

The restatements were calculated by means of conversion factors derived from the consumer price indices. Such index as announced by Turkish Statistical Institute and conversion factors used to restate the balances are as follows:

Date	**Index**
31 December 2022	1128.45
31 December 2021	686.95

The basic principles applied in the accompanying consolidated financial statements, are summarized in the following paragraphs.

Adjustment for prior years

Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. The cumulative impact for previous years amounting to QR 76.46 million has been reflected through consolidated statement of changes in equity. Since Group's comparative amounts are presented in a stable currency, these comparative amounts are not restated.

Adjustment for current year

Monetary assets and liabilities, which are carried at amounts current at the date of consolidated statement of financial position, are not restated because they are already expressed in terms of the monetary unit current at the date of consolidated statement of financial position.

Non-monetary assets and liabilities, which are not carried at amounts current at the date of consolidated statement of financial position, and components of owners' equity are restated by applying the relevant conversion factors.

Net monetary loss arising from hyperinflation amounting to QR 11.41 million is recognized in the consolidated statement of profit or loss.

2. Basis of preparation (continued)

2.6 IAS 29 – Financial Reporting in Hyperinflationary Economies (continued)

All items in the consolidated statement of profit or loss are restated by applying the conversion factors from the date on which the transaction originated except for those amounts deriving from non-monetary items, which are calculated based on the restated values of the related items.

The effect of application indices on the Group's net monetary position is included in the consolidated statement of profit or loss as monetary gain or loss.

All items in the statement of cash flows are expressed in a measuring unit current at the date of consolidated statement of financial position; they are therefore restated by applying the relevant conversion factors from the date on which the transaction originated.

2.7 IFRS 17 'Insurance Contracts'

The Group will apply IFRS 17 for the first time on 1 January 2023. This standard will bring significant changes to the accounting for insurance and reinsurance contracts however it is not expected to have a material impact on the Group's consolidated financial statements in the period of initial application based on the magnitude of the Group's insurance business to overall operations.

IFRS 17 Insurance Contracts – quantitative impact

The Group is in an advanced stage of assessing the quantitative impact of applying IFRS 17, however, because not all of the transition work has been finalized, the actual impact of adopting IFRS 17 on 1 January 2023 may change because:

- The Group is continuing to refine the new accounting processes and internal controls required for applying IFRS 17;
- Although parallel runs were carried out starting in the third quarter of 2022, the new system and controls in place are yet to be fully operational.
- The Group is in the process of testing and assessment of control over its new IT system and changes to its governance framework; and
- The new accounting policies, assumptions, judgements and estimation techniques employed can be subjected to change though some parts of it have been completed.

These refinements are being made by the Group to ensure that the adoption of IFRS 17 would reflect a true and fair view of its operating results, financial position and cash flows.

IFRS 17 replaces IFRS 4 'Insurance Contracts' and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

IFRS 17 Insurance Contracts – qualitative disclosures

IFRS 17 replaces IFRS 4 'Insurance Contracts' and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

Identifying contracts in the scope of IFRS 17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with Discretionary Participation Feature (DPF).

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Identifying contracts in the scope of IFRS 17 (continued)

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Group does not expect significant changes arising from the application of these requirements.

For investment contracts with DPF, under IFRS 4 the Group separately identifies and classifies part of the DPF as equity. Under IFRS 17, the Group will consider all of the discretionary benefits in the measurement of the liabilities. In addition, these contracts are currently subject to the disclosure requirements of IFRS 7 Financial Instruments: Disclosures and some of the presentation requirements of IAS 32 Financial Instruments: Presentation. On transition to IFRS 17, they will no longer be subject to those requirements because the presentation and disclosure requirements of IFRS 17 will apply to them.

Level of aggregation

Under IFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e., by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a CSM, against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e., portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Group expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Contract boundaries (continued)

Insurance contracts (continued)

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Some term life and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. Currently, the Group accounts for these contracts as annual contracts. Under IFRS 17, the cash flows related to future renewals (i.e., the guaranteed renewable terms) of these contracts will be within the contract boundary. This is because the Group does not have the practical ability to reassess the risks of the policyholders at individual contract or portfolio level.

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Some of the Group's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

Measurement – overview

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM. For an explanation of how the Group will apply the measurement model.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which the Group promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Measurement – overview (continued)

Premium allocation approach ("PAA")

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. For an explanation of how the Group will apply the PAA.

The Group expects that it will apply the PAA to its all insurance contracts because of the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

Measurement non-life contracts

On initial recognition of each group of Non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Group will elect to recognise insurance acquisition cash flows as expenses when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The Group expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Group will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The Group will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Measurement non-life contracts (continued)

Impact assessment

Although the PAA is similar to the Group's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for Non-life contracts.

Changes from IFRS 4	Impact on equity on transition of IFRS 17
Under IFRS 17, the Group will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Group does not currently discount such future cash flows.	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non- financial risk. This is not explicitly allowed for currently.	Decrease
The Group's accounting policy under IFRS 17 to expense eligible insurance acquisition cash flows when they are incurred differs from the current practice under which these amounts are recognised separately as deferred acquisition costs.	Decrease

Measurement – significant judgements and estimates

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Group will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Measurement – significant judgements and estimates (continued)

Discount rates

The Group will generally determine risk-free discount rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields will be used. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes to long-term expectations. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium. Illiquidity premiums will generally be determined by comparing the spreads on corporate bonds with the costs of credit default swaps with matching critical terms for the same issuer.

The requirement to measure liabilities for insurance contracts and investment contracts with DPF using current discount rates will be a significant change from the Group's current practice. For Non-life contracts, the Group does not currently discount future cash flows.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-life contracts and allocated to groups of contracts based on an analysis of the risk profiles of the groups. They reflect the effects of the diversification benefits between entities, which will be determined using a correlation matrix technique.

The risk adjustments for non-financial risk will be determined using a confidence level technique for Liabilities for incurred claims of Non-life contracts.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level will be 90 percent for liabilities for incurred claims of Non-life contracts.

Applying a cost of capital technique, the Group will determine the risk adjustment for non-financial risk by applying a cost of capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity, consistently with the Group's current practice. The required capital will be determined by estimating the probability distribution of the present value of future cash flows from the contracts at each future reporting date and calculating the capital that the Group would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 99.5 percent confidence level. The cost of capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Group's weighted-average cost of capital rate for insurance business is 4.5 percent at 1 January 2023.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Measurement – significant judgements and estimates (continued)

Contractual service margin ("CSM")

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

The Group will determine the quantity of the benefits provided under each contract as follows.

Product	Basis for determining quantity of benefits provided
• Immediate fixed annuity	• Annuity amount payable in each period
• Traditional participating	• Insurance coverage: net amount at risk (i.e., guaranteed minimum benefits less account value), if any • Investment services: account value
• Quota share reinsurance	• The same basis as the underlying contracts, including expected new underlying contracts within the reinsurance contract boundary
• Excess of loss and stop loss reinsurance	• Expected amount of underlying claims recoverable from reinsurance in each period

Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into:

(a) an insurance service result, comprising insurance revenue and insurance service expenses; and
(b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Presentation and disclosure (continued)

Insurance service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice of recognising revenue when the related premiums are written.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under IFRS 17. As a result, the Group expects a significant reduction in the total amounts of revenue and expenses from contracts with investment components compared with those recognised under the current practice. The Group will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. The Group has identified that its universal life, participating and non-participating whole-life contracts contain an investment component, determined as the surrender value specified in the contractual terms less any accrued fees.

The Group will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss as a reclassification adjustment.

For Participating and Non-life contracts, the Group will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

Disclosure

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts, reinsurance contracts and investment contracts with DPF.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Presentation and disclosure (continued)

Disclosure (continued)

Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

Transition – modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group will apply each of the following modifications only to the extent that it does not have reasonable and supportable information to apply IFRS 17 retrospectively.

Assessments at inception or on initial recognition

Some groups of immediate fixed annuity contracts issued between 2011 and 2013 contain contracts issued more than one year. For these groups, the discount rates on initial recognition will be determined at 1 January 2022 instead of at the date of initial recognition.

Contracts without direct participating features

The Group will apply the following modifications to certain group of contracts.

- For group of contracts issued or initiated between 2011 and 2015, the future cash flows on initial recognition will be estimated by adjusting the amount at 1 January 2016 or an earlier date (determined retrospectively) for the cash flows that are known to have occurred before that date. The earliest date on which future cash flows can be determined retrospectively for these group of contracts is 1 January 2012.
- For group of contracts issued or initiated between 2011 and 2013 (except for some groups of immediate fixed annuity contracts as described above), the liquidity premium applied to the risk- free yield curves on initial recognition will be estimated by determining an average spread between the risk- free yield curves and discount rates determined retrospectively for the period between 1 January 2014 and 1 January 2022.
- For some group of contracts, the risk adjustment for non-financial risk on initial recognition will be determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk will be determined with reference to the release of risk similar contracts that the Group issued at 1 January 2022.

If any of these modifications is used to determined CSM on initial recognition, then the amount of the CSM recognised in profit or loss before 1 January 2022 will be determined by comparing the coverage units provided before 1 January 2022 and the remaining coverage units at 1 January 2022.

Direct participating contracts

For certain groups of contracts issued between 2004 and 2015, the Group will determine the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Transition – modified retrospective approach (continued)

Direct participating contracts (continued)
The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:

- amounts charged to the policyholders (including charges deducted from the underlying items) before 1 January 2022;
- amounts paid before 1 January 2022 that would not have varied based on the underlying items;
- the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which will be estimated based on analysis of similar contracts that the Group issued at 1 January 2022; and
- insurance acquisitions cash flows arising before 1 January 2022 that are allocated to the Group.

If the calculation results in a CSM, then the Group will measure the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 will be determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022.

If the calculation results in a loss component, then the Group will measure the loss component to zero and increase the liability for remaining coverage excluding the loss component by the same amount at 1 January 2022.

Reinsurance of onerous underlying contracts

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group will establish a loss- recovery component at 1 January 2023. For some groups of contracts measured under the modified retrospective approach, the Group will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2023.

For reinsurance contracts initiated between 2011 and 2013, the Group will not identify a loss-recovery component because it does not have reasonable and supportable information to do so.

Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2023 will be determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The Group will measure the fair value of the contracts as the sum of the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and an additional margin, determined using a confidence level technique. The cash flows considered in the fair value measurement will be consistent with those that are within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts will not be considered in determining the fair value of those contracts if they are outside the contract boundary. The present value of the future cash flows considered in measuring fair value will be broadly consistent with that determined in measuring the fulfilment cash flows. Although the Group's own non-performance risk will be considered when measuring the fair value of liabilities but not when measuring the fulfilment cash flows, the effect is expected to be insignificant.

2. Basis of preparation (continued)

2.7 IFRS 17 'Insurance Contracts' (continued)

IFRS 17 Insurance Contracts – qualitative disclosures (continued)

Transition – modified retrospective approach (continued)

Fair value approach (continued)

Differences in the Group's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows will give rise to a CSM at 1 January 2023. In particular, in measuring fair value the Group will include a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining this margin, the Group will consider certain costs that are not directly attributable to fulfilling the contracts (e.g., general overheads) and certain risks that were not reflected in the fulfilment cash flows (e.g., general operational risk), among other factors that a market participant would consider.

For all contracts measured under the fair value approach, the Group will use reasonable and supportable information available at 1 January 2023 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract;
- how to identify discretionary cash flows for contracts without direct participation features; and
- whether an investment contract meets the definition of an investment contract with DPF.

Some groups of contracts measured under the fair value approach will contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition will be determined at 1 January 2023 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2023 will be determined to be zero.

For groups of reinsurance contracts covering onerous underlying contracts, the Group will establish a loss-recovery component at 1 January 2023. The Group will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2023.

3. Significant accounting policies

3.1 Basis of consolidation and business combination

Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

Changes in the Group’s ownership interest in existing subsidiaries

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

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

3. Significant accounting policies (continued)

3.1 Basis of consolidation and business combination (continued)

Business combination

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

3.1 Basis of consolidation and business combination (continued)

Acquisition of assets (including any liabilities assumed) that do not constitute a business

If the Group acquires an asset or a group of assets (including any liabilities assumed) that does not constitute a business, then the transaction is outside the scope of IFRS 3 because it cannot meet the definition of a business combination. Such transactions are accounted for as asset acquisitions in which the cost of acquisition is generally allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition. They do not give rise to goodwill or a gain on a bargain purchase.

Assets acquired in an asset acquisition are recognised based on the cost of acquisition. The Group does not include variable payments in the cost of assets acquired.

The cost of an asset acquisition may comprise the following:

- cash or cash equivalent price at the date of acquisition;
- fair value of non-cash consideration (e.g., non-cash assets given up or liabilities assumed); and
- transaction costs directly attributable to the acquisition of the assets.

In cases where the sum of the individual fair values of the identifiable assets and liabilities differs from the transaction price, management allocates the cost of the group of assets between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition, and then applies the initial measurement requirements in the applicable IFRS Standards to each identifiable asset acquired and liability assumed

In cases where the Group acquires assets by obtaining a controlling interest in an entity that does not constitute a business as defined in IFRS 3 in successive share purchases - i.e., a 'step acquisition', the previously held equity interest is included as part of the cost of the acquisition. The Group does not remeasure the previously held equity interest because IFRS 3 specifies a cost-based approach for an asset acquisition and under a cost-based approach the existing assets are generally not remeasured.

The Group has elected to expense the variable consideration to be paid for asset acquisition as and when it is incurred.

3.2 Goodwill

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

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

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

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

3. Significant accounting policies (continued)

3.3 Property, plant and equipment

Initial recognition

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

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

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

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

(a) its purchase price or construction cost, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset into present location and condition, for example:
- cost of site preparation;
- initial delivery and handling cost;
- installation and assembly cost;
- cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced during the testing period; and
- professional fees associated with the acquisition of the property.

(c) the initial estimate of the cost of decommissioning, dismantling and removing the item and restoring the site on which it is located - wherever applicable and where a decommissioning obligation exists.

(d) for qualifying assets, where applicable, borrowing cost.

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

Subsequent costs

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

(i) Additions and extension

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

(ii) Replacements

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

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

3. Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

Subsequent costs (continued)

(iii) Improvements / upgrades

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

(iv) Repairs, Refurbishment and Maintenance Cost

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

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

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

(v) Furnishing

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

(vi) Exchange

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

Derecognition

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

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

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

3. Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

Depreciation

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

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

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

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

Land is not depreciated.

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

The useful lives of the assets are as follows:

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

Depreciation begins when the asset is available for use.

Exploration and evaluation assets

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

Initial recognition

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

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

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

3. Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

Exploration and evaluation assets (continued)

Classification

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

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

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

Measurement after initial recognition

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

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

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

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

Development costs

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

Capital work-in-progress

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

3. Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

Capital work-in-progress (continued)

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

3.4 Investment property

Investment property represents land and buildings that are occupied substantially for use by third parties and are held by the Group to earn rentals or capital appreciation. Changes in fair values are not recognised as the Group recognizes the investment property at cost model and carries at cost less accumulated depreciation and impairment loss, (if any).

Recognition and measurement

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

Subsequent expenditure

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

Depreciation

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

Derecognition

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of investment property are determined by comparing the proceeds from their disposal with their respective carrying amounts and are recognised in profit or loss.

3.5 Intangible assets

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

Measurement

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

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use of disposal.

Intangible assets majorly comprise of costs incurred on appraisal wells and computer software. These intangible assets are amortised over the useful life of 4 to 25 years.

3. Significant accounting policies (continued)

3.6 Catalysts

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

Catalysts with an estimated life of less than one year are recorded as inventory and expensed when used. Catalysts with an estimated life of more than one year are capitalised and are amortised on a straight-line basis over their useful life between 1 to 12 years.

3.7 Borrowing costs

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

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

3.8 Government grants

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

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

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

3.9 Investments in joint ventures and associates

Investments in joint ventures

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

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those entities. Shareholders advances to associates having the characteristics of equity financing are also included in investment in the consolidated statement of financial position.

3. Significant accounting policies (continued)

3.9 Investments in joint ventures and associates (continued)

Equity method of accounting

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

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

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

Unrealised gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in these entities. For presentation purpose, the Group has elected to eliminate the unrealised gains from the carrying value of its investment in joint ventures and share of profits from its investment in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.10 Interests in joint operations

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

3.11 Assets classified as held for sale

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3. Significant accounting policies (continued)

3.12 Inventories

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

Cost of purchase

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

Cost of conversion

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

Other costs

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

Pipeline fill

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

Net realisable value

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

3.13 Foreign currency transactions and translation

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

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

3. Significant accounting policies (continued)

3.13 Foreign currency transactions and translation (continued)

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

3.14 Financial instruments

Financial instruments – recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Classification and subsequent measurement of financial assets (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 not held in qualifying hedge relationship. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

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

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

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

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

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Classification and subsequent measurement of financial liabilities

Financial liabilities (accounts payables, bonds, and derivative financial instruments) are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Derecognition (continued)

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.

Interest rate benchmark reform
When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, The Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e., the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, due from related parties, loan to related parties, short-term deposits and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables and lifetime ECL/12-months ECL for loans to related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Impairment of financial assets (continued)

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

Derivative financial instruments and hedging

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

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

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

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

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

Cash flow hedges that qualify for hedge accounting

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

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

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

3. Significant accounting policies (continued)

3.14 Financial instruments (continued)

Derivative financial instruments and hedging (continued)

Cash flow hedges that qualify for hedge accounting (continued)

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

Derivatives that do not qualify for hedge accounting

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

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

Dividend income

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

Interest income and expenses

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

3.15 Impairment

Non-financial assets

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

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

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

In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining fair value less costs to sell, recent market transactions are taken into account.

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

3. Significant accounting policies (continued)

3.15 Impairment (continued)

Reversal of impairment loss

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

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

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

3.16 Cash and cash equivalents

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

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

3.17 Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3. Significant accounting policies (continued)

3.17 Leases (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

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

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'.

3.18 Social and sports contribution fund contribution

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

3. Significant accounting policies (continued)

3.19 Discontinued operations

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

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

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

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

3.20 Provisions

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

The expense relating to any provision is recognized in profit or loss net of any reimbursement except in case of provision for dismantling and decommissioning which are capitalised in property, plant and equipment if the future economic benefits of the related assets will flow to the Group and will be depreciated in line with the respective class of property, plant and equipment. If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Changes in future cash flow estimates from revisions to the estimated timing or amount of undiscounted cash flows, changes in discount and growth rates are dealt prospectively and are recognized as a change in provision and related asset. Additional assets which arise due to further development/construction are recognized as additions or charges to the corresponding assets and decommissioning provision when they occur. The discount rate is reviewed at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

An onerous contract provision is recognised when the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable cost under a contract is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract. Before an onerous provision is recognised, the Group first recognises any impairment loss that has occurred on assets dedicated to that contract.

3.21 Revenue recognition

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

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

3. Significant accounting policies (continued)

3.21 Revenue recognition (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.

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

The Group recognises revenue from the following major sources:

Sale of petroleum and related products

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

Sale of products produced as a result of underlying Production Sharing Agreements ("PSAs")

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

Provision of services and sale of non-petroleum products

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

Overlift / underlift of crude oil

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

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

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

3. Significant accounting policies (continued)

3.21 Revenue recognition (continued)

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

Sales of steel products

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

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

Revenue from sales is measured based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

Sale of fertiliser goods

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

Service and management charges

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

Revenue from drilling services

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

a) each distinct good or service is substantially the same and would meet the criteria to be a performance obligation satisfied over time; and

b) each distinct good or service is measured using the same method as it relates to the satisfaction of the overall performance obligation.

3. Significant accounting policies (continued)

3.21 Revenue recognition (continued)

Revenue from drilling services (continued)

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. The unit of measure is representative of an output method as described in IFRS 15.

Helicopter transportation services revenue

The Group provides helicopter transportation services to its customers. As these services are provided “over time”, revenue is recognized over time as the services are provided. Transfer of control of the service is assessed based on the service performed.

Revenue from insurance contracts

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

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

Catering, manpower, accommodation and housekeeping and other revenue

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

Revenue from function or event sales

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

Revenue from air ambulance services, supply of spares, maintenance, repair operation services and Training services.

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

3. Significant accounting policies (continued)

3.21 Revenue recognition (continued)

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

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

Revenue from sale of Petrochemical products

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

Revenue from rig management services

Revenue is recognized over time as the customer obtains the control of management services. Customers obtain control when the management services as specified in the contract are being performed at the customer's premises. The Group recognizes revenue for rig management services over time as the rig management services are rendered. Revenue is recognized at an amount derived by considering the contractual daily rig maintenance fee and the number of days the rig management services was provided.

3.22 Insurance claims and expense recognition

Insurance claims

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

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

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.

Liability adequacy test

At the end of each reporting period, the Group assesses whether its 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 profit or loss.

3.23 Reinsurance

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

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

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

3. Significant accounting policies (continued)

3.23 Reinsurance (continued)

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

Reinsurance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

3.24 Deferred acquisition costs (DAC)

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

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

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

3.25 Insurance contract liabilities

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

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

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

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

3.26 Capital

Capital is authorised and represented by Government of State of Qatar in accordance with Decree Law No.10 of 1974 (as amended by Law No.5 of 2012 and Law No. 18 of 2021).

3. Significant accounting policies (continued)

3.27 Taxes and royalties

Taxes

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

Current tax

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

Deferred tax

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

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

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

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

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

Royalties

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

3. Significant accounting policies (continued)

3.28 Dividend distribution

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

3.29 Post-employment benefit plans

Defined contribution plan

QatarEnergy and certain entities in the Group have a defined contribution plan for the Qatari national employees (who joined on or after 5 March 2003) and other GCC national employees. In case of Qatari employee, QatarEnergy and those entities contribute as pension, 10% of salary on behalf of the employee and the employee contributes 5%, and therefore a total 15% is remitted to the Government Pension Fund in accordance with the requirements of Law No 24 of 2002 (as amended) pertaining to Retirement and Pensions.

In case of other GCC nationals, QatarEnergy and other GCC employees contribute at specified rates which are then remitted to Government pension fund. Under this Law and QatarEnergy’s policy, QatarEnergy and those entities do not have any legal or constructive obligation to pay future pension to those employees and hence QatarEnergy and those entities' obligations are limited to their contributions paid to Government Pension Fund which are expensed when due.

Defined benefit plans

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

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

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

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

The Group maintains two defined benefit plans as follows:

Qatari pension scheme

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

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

3. Significant accounting policies (continued)

3.30 Segment Reporting

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

3.31 Events after the reporting date

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

4. Critical judgments and key sources of estimation uncertainty

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

4.1 Critical judgments in applying accounting policies

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

(i) Classification of investments in subsidiaries

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

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

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

- Discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the bonds, quality of the bonds and the identification of outliners which are excluded.

- Pension / salary increase rate reflects the management's view on long term pension / salary increases.

- Post retirement mortality is based on best estimate of the future life expectancy of pensioners and their dependent. Management intends to keep the mortality assumption under review to take account of new research or scheme experience where credible.

- Turnover rate reflects the management's view on employee's turnover.

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

(iii) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount will be written-off to profit or loss.

(iv) Development costs

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

(v) Decommissioning liabilities

The Group has recognized certain provisions for the future costs of decommissioning as outlined in Note 24(a). Based on management's current assessment, a provision has been made in these consolidated financial statements. The amount of the provision recognized is the present values of the estimated future expenditures. Actual costs are uncertain, and estimates can vary as a result of changes in the scope of the project, advancement in technology and the relevant laws and regulations.

Further, management has assessed that no other decommissioning liabilities exist as at the reporting date since there is no legal or constructive obligation on the Group with respect to decommissioning, except for those recognized in the consolidated financial statements.

(vi) Revenue recognition

Satisfaction of Performance Obligations

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

Determination of transaction price

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

(vi) Revenue recognition (continued)

Allocate the transaction price to the performance obligations in the contract

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

(vii) PSAs entered on behalf of the Government

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

QatarEnergy has determined that it has full control over the operations of some PSAs (“Full Controlled Operations”) while some PSAs are jointly controlled by QatarEnergy with foreign partners (“Joint Operations”) under the terms of PSAs. Under Full Controlled Operations, full revenue, expenses, assets and liabilities of the operations are recorded in the consolidated financial statements. In case of Joint Operations, those PSAs are accounted for in accordance with accounting policy mentioned in Note 3.10.

(viii) Taxes paid on behalf

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

(ix) Taxes on crude oil, refined products, gas and condensates

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

(x) Transactions with Government of Qatar

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

(xi) Classification of cash flow hedge

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

(xii) Going concern

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

(xiii) Tax

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

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

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

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

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

(***xiv) Lease liabilities***

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

(xv) Classification of loans to equity accounted investees

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

(xvi) Classification of projects under development

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

(xvii) Transfer of ownership in QG5

The Group has made an assessment for its investment in QG5 where the Group is deemed to have a participating interest of 75% and remaining 25% participating interest is deemed transferred to TotalEnergies EP Qatar in line with acknowledgement signed between the Group (through its wholly owned subsidiary QatarEnergy Oil and Gas Limited (1)) and TotalEnergies EP Qatar as per the joint venture agreement between the Group and TotalEnergies EP Qatar ('QG5 JVA'). Despite the fact that the Group was legal owner of 100% of the issued share capital of QG5 as of 31 December 2022, investment in QG5 has been classified as joint venture due to below reasons:

- QG5 is part of overall North Field project and QatarEnergy has publicly announced its joint venture partner in QG5;
- QG5's Joint Venture Agreement ("JVA") was signed between the Group and TotalEnergies EP Qatar on 26 May 2022; and
- The Share Sale and Purchase Agreement ("SSPA") is signed by the Group and TotalEnergies EP Qatar. SSPA is approved by three departments/branches of Government of the State of Qatar on 28 December 2022 (namely Ministry of Labour, General Tax Authority and Ministry of Commerce and Industry), however, it is pending approval of one department (namely Ministry of Justice) which was later approved on 4 January 2023. Management considers that the approval from fourth department is a legal formality which was also completed on 4 January 2023 in line with acknowledgement signed between the Group and TotalEnergies EP Qatar as per Article 2.5(c). Accordingly, in substance, QG5 is classified as a joint venture effective 28 December 2022. Refer Note 8(b)(iii).

(xviii) Acquisition of interest in QG1

The Group entered into an End of Term Agreement with other partners of Qatar Gas Upstream ('QG1 Upstream', a joint operation until 31 December 2021) and shareholders of Qatar Liquefied Gas Company Limited ('QG1 Downstream' or 'QG1', a joint venture until 31 December 2021), which is effective from 1 January 2022. By virtue of End of Term Agreement, QG1 Upstream DPSA and QG1 Downstream JVA stand expired as of 31 December 2021 and the Group has obtained control over QG1 Upstream and QG1 Downstream respectively, with effect from 1 January 2022. The operations of QG1 Upstream were merged with the operations of QG1 Downstream as of 1 January 2022 and QG1 Downstream has become wholly owned subsidiary of QatarEnergy.

4. Critical judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

Management has performed an assessment of this acquisition from a market participant's perspective based on the facts and conditions on the date of acquisition. As per the assessment, two main components “License to operate the facilities” and “management agreement for the operation and maintenance of facilities” are expired on 31 December 2021 for QG1 Upstream and “License to operate the facilities” is expired for QG1 Downstream. Finally, management has determined based on the state and conditions as of acquisition date, even if any market participant would be capable of acquiring these assets and integrating these into its own business to create outputs, the acquired set is not a business because it is not relevant whether or not a market participant would be able to replace missing processes elements. Accordingly, it is concluded that the acquired set of assets is not a business.

(xix) Acquisition of interest in oil and gas fields / blocks

The Group entered into a production sharing agreement, where the group shared ownership in a number of oil and gas fields / blocks in various countries with other partners.

Management conducted an assessment of the transaction, based on IFRS 3, to determine whether the transaction is a business combination or an asset acquisition and concluded that the transaction is an asset acquisition, as agreement does not comprise the acquisition of workforce, processes, systems among others.

4.2 Key sources of estimation uncertainty

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

(i) Estimation of oil and gas reserves

Proved Reserves are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The Group estimates its reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, volume of the reservoir, quality of the hydrocarbon fluid and suitable production techniques and recovery rates. Reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices.

The Group forecasts reserves based on technical assessment and economic limit test, in addition to and with respect to end of remaining useful life of each asset facility. Future development costs are estimated using assumptions as to the number of wells required to produce the reserves, the cost of such wells and associated production facilities, and other capital costs. Within the inclusion of future development, the Group considers commerciality of the projected reserve profiles in their assessment. Reserves are most sensitive in these assets to end of field life facilities limitations that the Group has forecast on each asset. With capital investment, the Group fully expects that these dates will be extended and provide added value, but this has not been considered in the forecast of the Proved Reserves. Reserves are also very sensitive to continued development / investment, operational limitations, and price volatility. The long-term Brent oil price assumption used in the estimation of commercial reserves is per management’s forecast. The carrying amount of oil and gas properties at 31 December 2022 amounted to QR 35,547 million (2021: QR 32,814 million) (Note 5(a)).

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

- The carrying value of exploration and evaluation assets, oil and gas properties (Note 5(a)) and licenses included in intangible assets (Note 6);
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change (Note 29).

4. Critical judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

(ii) Impairment of non-financial assets

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

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

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

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

The Group prepares detailed long-term plans for its investments which are reflected in the financial models of these investments. These plans are reviewed and approved by the Group's management and are subsequently used as the basis for its impairment reviews. In estimating the value in use, the Group uses financial models which are regularly reviewed and updated over the operating period of the investment. As part of the review process, management challenges and reassess the validity of the underlying assumptions of these financial models. During the year, the Group has reassessed the impairment on its investments in Laffan Refinery Company Limited (2) ("LR2"), Laffan Refinery Company Limited ("LR1") and Qatar Vinyl Company Limited ("QVC"). As a result, the Group considers that (further) impairment is not required for these investments.

Further, the Group has recognised impairment loss of QR 3.62 million (2021: reversal of QR 5.06 million) on its non-financial assets (Note 28(iii)). Management considered that there are no indicators for impairment identified against remaining non-financial assets.

(iii) Useful lives of property, plant and equipment

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

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

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

(iv) Useful lives of intangible assets

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

(v) Impairment of project preliminary and pre-incorporation expenses

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

(vi) Fair value measurements

The Group's investments in financial assets at FVOCI, financial assets at FVTPL and foreign currency swaps are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent available. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 35.

(vii) Provision for inventories

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

(viii) Financial instruments

Definition of default

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

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

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

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

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

(viii) Financial instruments (continued)

Significant increase in credit risk (continued)

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

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

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

Calculation of loss allowance

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

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

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

(ix) Provision for outstanding insurance claims

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

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

(x) Unearned premiums

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

4. Critical judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

(xi) Abandonment of wells and decommissioning of area

The Group has recognized certain provisions for the future costs of decommissioning as outlined in Note 24(a). Based on management's current assessment, a provision has been made in these consolidated financial statements. The amount of the provision recognized is the present values of the estimated future expenditures. The estimation of the future expenditures has been prepared in accordance with good international petroleum practices and is based on current local conditions and requirements, including legal requirements, technology, price levels, etc. for the respective facility generally within the typical range of a Class (3 to 4), Study, and Feasibility estimate. Actual costs are uncertain, and estimates can vary as a result of changes in the scope of the project, advancement in technology and the relevant laws and regulations. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the useful lives of the facilities and estimate of discount and inflation rates. The inflation and discount rates used in the determination of the decommissioning liability ranges from 2% - 3.5% (2021: 2%) and 3.5% - 8% (2021: 3.5% - 8%) respectively.

.

QR '000

5(a). Property, plant and equipment

	Oil and gas assets	Other property, plant and equipment	Exploration and evaluation assets	Capital work-in-progress	Total
Cost:					
At 1 January 2021	78,235,198	216,110,276	7,497,733	25,612,966	327,456,173
Additions	941,032	8,636,907	1,942,452	6,781,254	18,301,645
Acquisitions through business combinations	-	-	-	411	411
Reclassification / transfers (Note ii)	4,374,738	439,572	(3,855,326)	(5,049,985)	(4,091,001)
Effect of foreign currency translation	-	(201,304)	(30,584)	(849)	(232,737)
Derecognition / disposal (Note iii)	(115,553)	(1,323,326)	(22,789)	(395,980)	(1,857,648)
At 31 December 2021	83,435,415	223,662,125	5,531,486	26,947,817	339,576,843
Additions	4,803,270	4,021,786	2,384,999	8,376,423	19,586,478
Asset acquisition (Note 37)	16,643,968	497,969	-	27,704	17,169,641
Reclassification / transfers (Note ii)	2,108,182	11,416,083	(1,163,134)	(9,538,728)	2,822,403
Effect of foreign currency translation	7,439	(29,779)	23,910	(581)	989
Derecognition / disposal (Note iii)	(31,857)	(1,016,482)	(481,100)	(314,952)	(1,844,391)
Effect of hyperinflation	-	86,346	-	2,443	88,789
At 31 December 2022	**106,966,417**	**238,638,048**	**6,296,161**	**25,500,126**	**377,400,752**
Accumulated depreciation:					
At 1 January 2021	47,270,057	78,500,349	-	-	125,770,406
Reclassification / transfers (Note ii)	(177,953)	130,936	-	-	(47,017)
Charge for the year (Note 29)	3,635,199	7,589,564	-	-	11,224,763
Impairment for the year (Note iv)	-	220	-	-	220
Effect of foreign currency translation	-	(130,992)	-	-	(130,992)
Derecognition / disposal (Note iii)	(106,195)	(788,837)	-	-	(895,032)
At 31 December 2021	50,621,108	85,301,240	-	-	135,922,348
Reclassification / transfers (Note ii)	445,001	(445,001)	-	-	-
Asset acquisition (Note 37)	16,643,968	497,969	-	-	17,141,937
Charge for the year (Note 29)	3,600,163	8,771,941	-	-	12,372,104
Impairment for the year (Note iv)	-	2,285	-	-	2,285
Effect of foreign currency translation	81,390	623	-	-	82,013
Derecognition / disposal (Note iii)	(30,636)	(815,355)	-	-	(845,991)
Effect of hyperinflation	-	18,479	-	-	18,479
At 31 December 2022	**71,360,994**	**93,332,181**	**-**	**-**	**164,693,175**
Net carrying amount:					
At 31 December 2022	**35,605,423**	**145,305,867**	**6,296,161**	**25,500,126**	**212,707,577**
At 31 December 2021	32,814,307	138,360,885	5,531,486	26,947,817	203,654,495

As at and for the year ended 31 December 2022 QR '000

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

Notes:

(i) Included in property, plant and equipment is the Group's share of property, plant and equipment from its joint operations amounting to QR 86,342 million (2021: QR 82,123 million). This consists of QR 13,737 million (2021: QR 14,123 million) for oil and gas assets, QR 66,667 million (2021: QR 64,204 million) for other property, plant and equipment), QR 4,899 million (2021: QR 3,674 million) for exploration and evaluation assets and QR 1,039 million (2021: QR 122 million) for capital work-in-progress.

(ii) In 2022, out of the net balance of QR 2,822 million (2021: QR 4,044 million), an amount of QR 1,296 million (2021: QR 4,033 million) pertains to the transfer to intangible assets (Note 6), QR 13 million (2021: QR 11 million) pertains to the transfer to investment property (Note 5(c)), QR 4,068 million (2021: Nil) pertains to the transfer from other non-current assets (project under development) (Note 10(b)) and QR 63 million (2021: Nil) pertains to transfer from related party.

(iii) Out of the total amount derecognized during the year, the Group has written-off assets aggregating to QR 785 million (2021: QR 748 million) (Note 28).

(iv) During the year, the Group has recorded an impairment of QR 2.28 million (2021: QR 0.22 million) against property, plant and equipment (Note 28(iii)).

5(b). Right-of-use assets

	Land & buildings	Vehicles and mobile equipment	Vessels	Others	Total
Costs:					
At 1 January 2021	1,725,530	224,069	2,708,133	156,619	4,814,351
Additions (Note 22)	41,325	90,355	272,479	59,633	463,792
Lease modifications and other movements (i)	(1,405,822)	(60,573)	-	61,709	(1,404,686)
Effect of foreign currency translation	-	-	-	(7,003)	(7,003)
At 31 December 2021	361,033	253,851	2,980,612	270,958	3,866,454
Additions (Note 22)	192,802	1,338	2,338,436	1,181,945	3,714,521
Asset acquisitions (Note 37)	-	-	4,681,399	-	4,681,399
Lease modifications and other movements (i)	(119,063)	(88,231)	(5,021,765)	(35,273)	(5,264,332)
Effect of foreign currency translation	-	-	-	(19,860)	(19,860)
At 31 December 2022	**434,772**	**166,958**	**4,978,682**	**1,397,770**	**6,978,182**
Accumulated depreciation:					
At 1 January 2021	755,669	164,479	1,078,282	53,810	2,052,240
Depreciation for the year (ii)	164,315	45,239	419,127	50,700	679,381
Lease modifications and other movements (i)	(763,620)	(45,231)	-	45,830	(763,021)
Effect of foreign currency translation	-	-	-	(620)	(620)
At 31 December 2021	156,364	164,487	1,497,409	149,720	1,967,980
Depreciation for the year (ii)	129,686	42,908	651,024	69,189	892,807
Asset acquisitions (Note 37)	-	-	4,046,246	-	4,046,246
Lease modifications and other movements (i)	(111,955)	(88,204)	(5,028,189)	(32,568)	(5,260,916)
Effect of foreign currency translation	-	-	-	(20)	(20)
At 31 December 2022	**174,095**	**119,191**	**1,166,490**	**186,321**	**1,646,097**
Net carrying amount:					
At 31 December 2022	**260,677**	**47,767**	**3,812,192**	**1,211,449**	**5,332,085**
At 31 December 2021	204,669	89,364	1,483,203	121,238	1,898,474

As at and for the year ended 31 December 2022 QR '000

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

(i) This includes write-off of right-of-use assets amounting to QR 0.03 million (2021: Nil) and lease modifications which resulted in derecognition of right-of-use assets and lease liabilities of QR 3.39 million (2021: QR 641.67 million) and QR 5 million (2021: QR 717.83 million) respectively. The resulting gain of QR 1.61 million (2021: QR 76.16 million) has been recognized in other income.

(ii) Depreciation of right-of-use assets for the year is allocated as set out below:

	2022	2021
Capitalised under property, plant and equipment	**54,907**	-
Charged to profit or loss (Note 29)	**837,900**	679,381
	892,807	679,381

(iii) Included in right-of-use assets is the Group's share of QR 1,193.44 million (2021: QR 106.56 million) from its joint operations.

5(c). Investment property

	2022	2021
Costs:		
At 1 January	**1,086,379**	1,076,454
Transfers (Note 5(a) ii)	**12,663**	11,200
Additions	**148**	-
Impairment charges for the year (Note 28(iii))	**(1,335)**	(1,275)
At 31 December	**1,097,855**	1,086,379
Accumulated depreciation:		
At 1 January	**186,425**	170,138
Charge for the year (Note 29)	**16,454**	16,287
At 31 December	**202,879**	186,425
Net carrying amount:		
At 31 December	**894,976**	899,954

Investment property is carried at cost less accumulated depreciation and impairment losses, if any. Investment property is held to earn rentals and capital appreciation. The Group has earned QR 146.96 million (2021: QR 138.36 million) from rentals of investment property during the year.

The fair value of the investment properly as at 31 December 2022 was QR 1,706 million (2021: QR 1,620 million) based on a valuation carried out using the income earning approach. Under this approach, a property's fair value is estimated based on the capitalization of the net operating income of the relevant property using the market yield.

The fair value was determined by independent external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for the investment property has been categorized as a Level 3 fair value based on the above inputs on the valuation technique used.

As at and for the year ended 31 December 2022 QR '000

6. Intangible assets

	Software (Note i)	Data acquisition – cost for appraisal wells (Note ii)	Other intangible assets (Note iii)	Total
Costs:				
At 1 January 2021	905,906	2,536,625	3,669,173	7,111,704
Additions	2,735	-	14,891	17,626
Transfer from / (to) property, plant and equipment (Note 5(a) ii)	158,838	4,108,894	(193,032)	4,074,700
Effect of foreign currency translation	-	-	(197,499)	(197,499)
Other adjustments	-	-	55,792	55,792
At 31 December 2021	1,067,479	6,645,519	3,349,325	11,062,323
Additions	3,684	-	15,424	19,108
Derecognition / disposal	(393)	-	(17,086)	(17,479)
Transfer from / (to) property, plant and equipment (Note 5(a) ii)	132,398	1,163,134	962	1,296,494
Other adjustments	-	-	75,599	75,599
Effect of foreign currency translation	-	-	146,115	146,115
At 31 December 2022	**1,203,168**	**7,808,653**	**3,570,339**	**12,582,160**
Accumulated amortization:				
At 1 January 2021	770,919	1,877,006	35,331	2,683,256
Charge for the year (Note 29)	139,530	234,881	36,665	411,076
Transfer from property, plant and equipment (Note 5(a) ii)	37,647	-	4,269	41,916
Other adjustments	-	-	55,792	55,792
At 31 December 2021	948,096	2,111,887	132,057	3,192,040
Charge for the year (Note 29)	119,295	257,839	3,678	380,812
Derecognition / disposal	(393)	-	(3,072)	(3,465)
Other adjustments	-	-	127,412	127,412
At 31 December 2022	**1,066,998**	**2,369,726**	**260,075**	**3,696,799**
Net carrying amount:				
At 31 December 2022	**136,170**	**5,438,927**	**3,310,264**	**8,885,361**
At 31 December 2021	119,383	4,533,632	3,217,268	7,870,283

i. This represents computer software which is not an integral part of hardware and is amortised over the useful life of 4 to 5 years.

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

iii. These include licenses in offshore blocks in various countries amounting to QR 3,263 million (2021: QR 3,131 million) through the Group's joint operations.

iv. Out of the total amount derecognized during the year, the Group has derecognised the capitalized costs associated with the exploration blocks amounting to QR 14.01 million due to the relinquishment of blocks in different jurisdictions. (Note 28).

QR '000

7. Investments in associates

2022	**Group percentage of holding 2022**	**2021**	**At 1 January 2022**	**Additions/ (disposal)**	**Share in profit**	**Dividends**	**Other adjustments (i)**	**At 31 December 2022**
TotalEnergies E&P Congo (TEPC) (iii)	15.0	15.0	2,151,240	-	426,972	(982,800)	-	**1,595,412**
Foulath Holding B.S.C. – Bahrain (ii)	25.0	25.0	1,568,981	-	426,262	(109,245)	(3,346)	**1,882,652**
Others (iv)			2,178,654	(12,632)	167,010	(67,427)	482,208	**2,747,813**
Total			**5,898,875**	**(12,632)**	**1,020,244**	**(1,159,472)**	**478,862**	**6,225,877**

2021	Group percentage of holding 2021	2020	At 1 January 2021	Additions/ (disposal)	Share in profit	Dividends	Other adjustments (i)	At 31 December 2021
TotalEnergies E&P Congo (TEPC) (iii)	15.0	15.0	1,827,462	-	316,134	-	7,644	2,151,240
Foulath Holding B.S.C. – Bahrain (ii)	25.0	25.0	1,463,233	-	103,843	-	1,905	1,568,981
Others (iv)			2,133,615	(85,733)	225,851	(206,513)	111,434	2,178,654
Total			5,424,310	(85,733)	645,828	(206,513)	120,983	5,898,875

7. Investments in associates (continued)

i. Other adjustments in the above table mainly include the Group's share in the associates' other comprehensive income, and recognition/reversal of impairment losses.

ii. Foulath Holding B.S.C. is a Bahraini Closed Joint Stock Company incorporated on 26 June 2008 in the Kingdom of Bahrain. Foulath Holding B.S.C. is a holding company for a group of commercial / industrial companies that are engaged in the manufacture and sale of various steel products.

iii. The Group considered the contractual terms and conditions of this investment and decided that the Group exercises significant influence over this entity by virtue of its contractual rights to appoint two out of nine directors to the Board of directors of TEPC.

iv. Other associates are included in Note 2.3 which are not disclosed separately as these are considered individually and collectively immaterial.

As at and for the year ended 31 December 2022 QR '000

7. Investments in associates (continued)

The following table gives the summarised financial information of the Group's investments in associates as reported in their own financial statements.

2022	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Net assets**	**Proportion of Group's interest in associates' net assets (i)**	**Total revenue**	**Total profit / (loss)**	**Total other comprehen-sive income / (loss)**	**Proportion of Group's interest in associates' total comprehensive income**
TotalEnergies E&P Congo	3,945,760	15,662,920	1,219,400	4,189,640	14,199,640	2,129,946	9,769,760	2,846,480	-	426,972
Foulath Holding B.S.C.	5,141,946	5,046,484	2,007,643	2,641,537	5,539,250	1,882,652	11,290,903	1,691,662	(13,384)	422,916

2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Proportion of Group's interest in associates' net assets (i)	Total revenue	Total profit / (loss)	Total other comprehen--sive income / (loss)	Proportion of Group's interest in associates' total comprehensive income
TotalEnergies E&P Congo	5,627,440	17,173,520	1,092,000	3,640,000	18,068,960	2,710,344	8,175,440	2,107,560	50,960	323,778
Foulath Holding B.S.C.	3,568,238	5,184,156	1,777,776	2,678,454	4,296,164	1,074,041	11,441,604	415,372	7,620	105,748

(i) Proportion of the Group in net assets of these associates does not include goodwill, impairment losses and other adjustments.

8. Investments in joint arrangements

a. Interest in joint operations

These consolidated financial statements include the Group's share of assets, liabilities, income and expenses of the following Joint arrangements which are unincorporated joint operations.

1.) *Qatar Gas Upstream:*

Qatar Gas Upstream ('QG1 Upstream') was granted the right to develop and produce non associated gas and condensate from designated area in Qatar's North Gas Field under the Development and Production Sharing Agreement ('QG1 DPSA'). The Group owns 65% interest in QG1 Upstream and QG1 DPSA is valid for a period of 25 years effective 31 December 1996. QG1 Upstream provides feedstock gas to State of Qatar to be used in LNG operations of Qatar Liquefied Gas Company Limited ('QG1 Downstream'). QG1 DPSA has expired on 31 December 2021 resulting in Group acquiring remaining 35% interest of QG1 Upstream. Further, operations of QG1 Upstream were integrated with QG1 Downstream with effect from 1 January 2022 by virtue of the Concession and Facilities License Agreement signed between QatarEnergy and QG Downstream. Refer Note 37 for further details.

2.) *Pearl GTL Project North Field:*

QatarEnergy, on behalf of Government of State of Qatar, and Qatar Shell GTL Limited entered into a Development and Production Sharing Agreement ("DPSA") on 8 July 2004 to develop gas-to-liquids (GTL) project in Ras Laffan, State of Qatar. The period of the DPSA is for 27 years effective 13 June 2011.

3.) *Dolphin Gas Project:*

QatarEnergy, on behalf of Government of State of Qatar, Dolphin Investment Company Limited ("DIC") and TotalEnergies EP Dolphin Upstream and Oxy Dolphin E&P LLC entered into a Development and Production Sharing Agreement ("DPSA") on 23 December 2001 to design, develop, construct and operate the facilities and conduct petroleum operations to recover and export certain quantities of natural gas for export purpose. The period of the DPSA is for 25 years effective 21 July 2007.

4.) *Al Khaleej Gas Project:*

QatarEnergy, on behalf of Government of State of Qatar, and ExxonMobil Middle East Gas Marketing Limited entered into a Development and Production Sharing Agreement ("DPSA") on 2 May 2000 to carry out the Enhanced Gas Utilisation Project. The period of the DPSA is for 25 years effective 2 May 2000.

5.) *BC-10 Concession:*

BC-10 Concession comprises of upstream exploration and production assets of Block BC-10 located at Campos Basin, offshore Brazil and is operated by Shell Petroleo Ltda under a Joint Operating Agreement (JOA) signed with joint partners in which the Group has a 23% interest.

6.) *Al Khalij Oil Field Joint Operation:*

Al Khalij Block 6 Field (Al Khalij) is an unincorporated joint operation between Qatar Petroleum Oil and Gas and TotalEnergies EP Golfe Limited, located in State of Qatar in which the Group has 60% interest. Al Khalij is engaged for production of crude oil from the offshore Alkhalij Block 6 field.

7.) *Sepia Block*

The Group has entered into a production sharing agreement with the Brazilian government related to surplus volume rights of the world class Sepia oil field in Brazil.

As at and for the year ended 31 December 2022 QR '000

8. Investments in joint arrangements (continued)

a. Interest in joint operations (continued)

7.) Sepia Block (continued)

The Production Sharing Contract, and other key agreements, were signed in Brasilia. Pursuant to the signed agreements, the Group will hold a 21% interest along with its consortium partners Petrobras (30% and Operator), TotalEnergies (28%), and Petronas (21%).

Located in water depths of about 2,000 meters off the coast of Rio de Janeiro in the prolific Santos Basin, Sepia is a pre-salt oil field. Production from the Sepia field started in August 2021 through a dedicated floating production, storage, and offloading unit (FPSO) and plans are underway to increase the overall production capacity with a second FPSO.

The remaining joint operations of the Group owned through its subsidiary QPI are still in exploration stage and their exploration and evaluation cost has been capitalized as part of property, plant and equipment and/or intangible assets as appropriate.

The Group's share of assets, liabilities, income and expenses from the above joint operations included in these consolidated financial statements is as follows:

	2022	2021
Non-current assets	**90,869,583**	85,393,469
Current assets	**714,925**	690,479
Non-current liabilities	**2,412,364**	949,395
Current liabilities	**543,699**	373,154
Income	**49,139,464**	37,853,635
Expenses	**10,116,419**	8,811,996

QR '000

8. Investments in joint arrangements (continued)

b. Investments in joint ventures

2022	Group percentage of holding 2022	2021	1 January 2022	Net additions/ (repayments) / (disposals)	Share in profits/ (losses)	Dividends	Other adjustments (Note i)	31 December 2022
Qatar Liquefied Gas Company Limited (Note iv and v)	**-**	65.0	325,439	-	-	-	(325,439)	**-**
Qatar Liquefied Gas Company Limited (2) (Note iv)	**67.5**	67.5	10,980,234	-	17,332,747	(17,658,386)	(258,058)	**10,396,537**
Qatar Liquified Gas Company Limited (5) (Note iii and iv)	**100.0**	-	-	455,027	(41,325)	-	6,306,528	**6,720,230**
Qatar Liquified Gas Company Limited (6) (Note iii and iv)	**75.0**	-	-	(1,798,815)	(41,325)	-	8,560,370	**6,720,230**
Qatar Liquified Gas Company Limited (7) (Note iii and iv)	**75.0**	-	-	(1,798,815)	(41,325)	-	8,560,370	**6,720,230**
Qatar Liquified Gas Company Limited (8) (Note iii and iv)	**75.0**	-	-	(899,393)	(20,661)	-	4,280,185	**3,360,131**
Qatar Liquified Gas Company Limited (9) (Note iii and iv)	**75.0**	-	-	(899,393)	(20,661)	-	4,280,185	**3,360,131**
Laffan Refinery Company Limited (LR1) (Note iv and vi)	**51.0**	51.0	792,429	-	108,647	-	-	**901,076**
Laffan Refinery Company Limited 2 (LR2) (Note iv and vi)	**84.0**	84.0	-	183,456	(183,456)	-	-	**-**
Ras Laffan Liquefied Natural Gas Co. Limited (Note iv and viii)	**63.0**	63.0	2,232,648	-	6,741,760	(7,218,707)	616,898	**2,372,599**
Ras Laffan Liquefied Natural Gas Co. Limited (II) (Note iv)	**67.1**	67.1	3,740,278	-	15,197,883	(14,139,048)	252,092	**5,051,205**
Barzan Gas Company Limited (Note ii and iv)	**93.0**	93.0	20,054,352	693,967	907,076	-	-	**21,655,395**
Qatar Vinyl Company Limited (Note iv)	**68.1**	68.1	1,438,741	43,200	581,064	(359,432)	(185,367)	**1,518,206**
Qatar Chemical Company Limited (Note iv)	**51.0**	51.0	1,755,275	-	431,024	(297,024)	(234,696)	**1,654,579**
Qatar Chemical Company Limited (II) (Note iv)	**51.0**	51.0	3,434,516	-	795,058	(733,278)	(326,329)	**3,169,967**
Oryx GTL Limited (Note iv)	**51.0**	51.0	2,327,518	-	649,042	(900,354)	-	**2,076,206**
Qatar Liquefied Gas Company Limited (3) (Note iv)	**68.5**	68.5	6,298,372	(1,321,502)	6,425,852	(6,687,299)	-	**4,715,423**
Qatar Liquefied Gas Company Limited (4) (Note iv)	**70.0**	70.0	6,026,292	-	8,090,270	(7,111,468)	-	**7,005,094**
Ras Laffan Liquefied Gas Company Limited (3) (Note iv)	**70.0**	70.0	6,176,099	-	19,018,305	(18,319,228)	-	**6,875,176**
Golden Pass LNG Terminal LLC (Note iv)	**70.0**	70.0	13,332,558	5,385,706	(76,367)	-	-	**18,641,897**
Adriatic LNG Terminal	**22.0**	22.0	1,463,989	(103,530)	53,417	-	90,134	**1,504,010**
South Hook LNG Terminal Ltd. (Note iv)	**67.5**	67.5	2,197,020	-	326,733	(254,871)	(279,608)	**1,989,274**
Golden Pass Pipeline LLC (Note iv)	**70.0**	70.0	1,319,199	101,303	49,680	-	-	**1,470,182**
QPI & Shell Petrochemicals (Singapore) PTE Ltd.	**49.0**	49.0	1,314,816	-	(79,702)	(10,702)	-	**1,224,412**
Qatar Petrochemical Company Q.P.S.C. (Note iv)	**80.0**	80.0	6,047,557	-	1,881,094	(856,800)	(722,334)	**6,349,517**
North Oil Company (Note iv)	**70.0**	70.0	7,611,607	-	3,027,911	(254,800)	-	**10,384,718**
Qatar Aluminium Company (Qatalum)	**50.0**	50.0	4,390,915	-	899,848	(443,170)	(1,586)	**4,846,007**
Golden Triangle Polymers Company Holdings L.L.C. (vii)	**49.0**	**-**	-	774,095	(2,334)	-	682,965	**1,454,726**
Others (ix)			1,313,536	278,146	613,849	(404,333)	(126,554)	**1,674,644**
Total			**104,573,390**	**1,093,452**	**82,624,104**	**(75,648,900)**	**31,169,756**	**143,811,802**

As at and for the year ended 31 December 2022 QR '000

8. Investments in joint arrangements (continued)

b. Investments in joint ventures (continued)

2021	Group percentage of holding 2021	Group percentage of holding 2020	1 January 2021	Net additions/ (repayments) / (disposals)	Share in profits/ (losses)	Dividends	Other adjustments	31 December 2021
Qatar Liquefied Gas Company Limited (Note iv and v)	65.0	65.0	1,164,839	-	2,048,114	(2,887,514)	-	325,439
Qatar Liquefied Gas Company Limited (2) (Note iv)	67.5	67.5	10,666,307	-	10,648,070	(10,267,719)	(66,424)	10,980,234
Laffan Refinery Company Limited (Note iv)	51.0	51.0	854,671	(172,157)	86,265	-	23,650	792,429
Laffan Refinery Company Limited 2 (Note iv)	84.0	84.0	-	91,728	(91,728)	-	-	-
Ras Laffan Liquefied Natural Gas Co. Limited (Note iv, viii)	63.0	63.0	2,041,778	-	4,157,871	(4,369,637)	402,636	2,232,648
Ras Laffan Liquefied Natural Gas Co. Limited (II) (Note iv)	67.1	67.1	2,696,186	-	7,775,316	(6,953,624)	222,400	3,740,278
Barzan Gas Company Limited (Note ii and iv)	93.0	93.0	19,742,594	(795,525)	1,107,283	-	-	20,054,352
Qatar Vinyl Company Limited (Note iv)	68.1	68.1	1,302,802	-	548,572	(412,633)	-	1,438,741
Qatar Chemical Company Limited (Note iv)	51.0	51.0	1,473,059	-	585,949	(303,733)	-	1,755,275
Qatar Chemical Company Limited (II) (Note iv)	51.0	51.0	3,216,689	-	814,674	(596,847)	-	3,434,516
Oryx GTL Limited (Note iv)	51.0	51.0	2,325,743	-	382,337	(380,562)	-	2,327,518
Qatar Liquefied Gas Company Limited (3) (Note iv)	68.5	68.5	6,037,330	-	4,085,918	(3,824,876)	-	6,298,372
Qatar Liquefied Gas Company Limited (4) (Note iv)	70.0	70.0	5,300,627	-	4,137,437	(3,411,772)	-	6,026,292
Ras Laffan Liquefied Gas Company Limited (3) (Note iv)	70.0	70.0	5,377,927	-	9,912,368	(9,114,196)	-	6,176,099
Golden Pass LNG Terminal LLC (Note iv)	70.0	70.0	10,089,343	3,117,119	126,096	-	-	13,332,558
Adriatic LNG Terminal	22.0	22.0	1,642,831	(64,766)	(2,733)	(3,288)	(108,055)	1,463,989
South Hook LNG Terminal Ltd. (Note iv)	67.5	67.5	2,265,321	-	251,584	(283,868)	(36,017)	2,197,020
Golden Pass Pipeline LLC (Note iv)	70.0	70.0	1,258,668	14,167	46,364	-	-	1,319,199
QPI & Shell Petrochemicals (Singapore) PTE Ltd.	49.0	49.0	1,315,497	-	231,187	(231,868)	-	1,314,816
Qatar Petrochemical Company Q.P.S.C. (Note iv)	80.0	80.0	6,171,197	-	2,089,652	(1,439,200)	(774,092)	6,047,557
North Oil Company (Note iv)	70.0	70.0	5,337,565	-	2,274,042	-	-	7,611,607
Qatar Aluminium Company (Qatalum)	50.0	50.0	4,533,536	-	831,871	(651,560)	(322,932)	4,390,915
Others (ix)			1,257,118	142,477	339,519	(209,336)	(216,242)	1,313,536
Total			96,071,628	2,333,043	52,386,028	(45,342,233)	(875,076)	104,573,390

8. Investments in joint arrangements (continued)

b. Investments in joint ventures (continued)

i. Other adjustments in the above table mainly include the Group's share in the joint ventures' other comprehensive income for the year, foreign currency translation differences, impairment losses, transfer from project under development and other adjustments.

ii. During the year, Barzan Gas Company Limited ("Barzan") received shareholder advances amounting to QR 694 million (2021: repayment of QR 795.5 million).

iii. The Group owned 100% of the share capital of its subsidiaries Qatar Liquified Gas Company Limited (5) (QG5), Qatar Liquified Gas Company Limited (6) (QG6), Qatar Liquified Gas Company Limited (7) (QG7), Qatar Liquified Gas Company Limited (8) (QG8) and Qatar Liquified Gas Company Limited (9) (QG9) as of 31 December 2021. The Group has entered into joint venture agreements (JVA) with joint venture partners for each of QG5, QG6, QG7, QG8 and QG9 during the year. Effective date of the JVA for QG5 is 28 December 2022 (Note 4.1 (xviii)) while effective date of JVA of QG6, QG7, QG8 and QG9 is 14 December 2022. The Group has transferred its 25% shareholding in each of QG5 to QG9 to joint venture partners as of the effective date of the joint venture agreement.

During the year, the Government of the State of Qatar, in accordance with the Development and Fiscal Agreement (DFA) dated 26 May 2022 of North Field East Project (NFE Project), has granted to a group of five Licensees (namely QG5, QG6, QG7, QG8 and QG9) the right to drill for and produce natural gas, condensates and related products within a specified location in Qatar's North Field, the right to construct and operate facilities for the production of LNG and its by-products and the right to store and sell all products produced at its facilities. The supply rights granted to the Licensees are valid for a period of at least 27 years from the date of the first shipment of Petroleum Products (First Shipment Date) by the Licensees.

On 26 May 2022, QatarEnergy has also entered into a Project Transfer Agreement (NFE PTA) in relation to NFE Project with QG5, QG6, QG7, QG8 and QG9. As per NFE PTA, QatarEnergy has transferred assets under construction related to onshore, offshore and common facilities of the NFE Project from project under development to above mentioned five Licensees. QatarEnergy has also transferred all of QatarEnergy's right, title and interest in and to, and all of QatarEnergy's obligations under the NFE Contracts. As a result, other adjustments include QR 34,241 million (2021: Nil) against assets under construction transferred to these joint ventures (QG5 to QG9) (Note 10(b)).

As per Article 2.4 (a) of NFE PTA, for and in consideration of QatarEnergy's transfer to five Licensees of the NFE Project, each of five Licensees agreed to pay to QatarEnergy an amount equal to the product of such Licensee's Participating Interest multiplied by the Estimated Project Cost Amount notified pursuant to Article 2.1 (i) of the NFE PTA. As a result, these licensees have agreed to pay a total of QR 8,674 million (Note 10(b)) to QatarEnergy out of which QR 2,254 million is outstanding as of 31 December 2022 and recorded as other receivable (Note 14(e)).

The Group has also paid additional cash advances amounting QR 1,478.89 million to QG5-QG9 during the year.

iv. The Group has classified these investments as joint ventures. The Group considers the terms and conditions of the agreements and the purpose and design of the joint arrangements. As per the agreement, the venturers of the above companies jointly control these companies. The Group owns equity interest in these joint ventures whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, investment in above joint ventures is classified as investment in a joint venture rather than investment in a joint operation or investment in a subsidiary.

8. Investments in joint arrangements (continued)

b. Investments in joint ventures (continued)

v. The Joint Venture Agreement for Qatar Liquefied Gas Company Limited (‘QG1 Downstream’) was valid for a period of 25 years effective 31 December 1996. The Group owned 65% in QG1 Downstream as of 31 December 2021 which is the expiry date of the joint venture agreement. Accordingly, the Group entered into an End of Term Agreement with other shareholders to acquire remaining 35% shares effective 1 January 2022. Further, operations of QG1 Upstream were integrated with QG1 Downstream with effect from 1 January 2022 by virtue of the Concession and Facilities License Agreement signed between QatarEnergy and QG Downstream.

The Group has not remeasured the previously held interest valuing QR 102.03 million in QG1 Upstream and QR 325.44 million in QG1 Downstream. Further, the Group has paid QR 87.36 million to the outgoing joint operators in case of QG1 Upstream and will pay QR 91 million to the outgoing shareholders of QG1 Downstream. Refer Note 37 for further details.

vi. On 5 September 2022, shareholders of LR1 and LR2 have entered into a merger agreement, in order to combine the businesses and operations of both refineries located at Ras Laffan Industrial City, Qatar and owned by LR1 and LR2 respectively. The merger agreement’s effective date is subject to completion of certain conditions which are fulfilled on 1 February 2023 (i.e., subsequent to the reporting date) (Note 42). Following the effective date, the joint venture agreement (JVA) of LR2 is terminated and the legal existence of LR2 has ceased. Accordingly, LR1 will continue as a surviving entity and will assume all the rights, obligations, privileges, liabilities, immunities, properties, powers and franchises of the LR2.

vii. Golden Triangle Polymers Company Holdings LLC (‘Golden Triangle’) is a joint venture formed when Chevron Phillips Chemical Company (CPChem) and QatarEnergy U.S. Investments LLC (fully owned subsidiary of the Group) entered into an Amended and Restated Limited Liability Company Agreement dated 10 November 2022. Main purpose of Golden Triangle is design, engineer, develop, construct, commission, use, license, manage, operate, maintain and decommission a petrochemical facility that includes a 2,080 KTA ethane cracker and two 1,000 KTA high-density polyethylene units and all necessary utilities, offsites and infrastructure at a site located in Orange, Texas, USA.

The Group has transferred QR 682.97 million (2021: Nil) from advances (accounts receivables and prepayments) to investment in Golden Triangle (Note 14(f)).

viii. Other adjustments include transfer of QR 416 million (2021: QR 361.9 million) from project under development to investment in Ras Laffan Liquefied Natural Gas Co. Limited (Note 10(b)).

ix. Other joint ventures are included in Note 2.3 which are not disclosed separately as these are considered individually and collectively immaterial.

As at and for the year ended 31 December 2022 QR '000

8. **Investments in joint arrangements (continued)**

b. **Investments in joint ventures (continued)**

2022	Cash and cash equivalents	Other current assets	Non-current assets	Current financial liabilities (excluding trade payables and provision)	Other current liabilities	Non-current financial liabilities (excluding trade payables and provision)	Other non-current liabilities	Net assets	Adjustments*	Proportion of Group's interest in joint venture's net assets
QG2	6,263,344	6,412,428	26,831,248	500,664	7,956,779	13,687,507	1,959,793	15,402,277	-	**10,396,537**
QG5	36	659,579	9,966,094	-	1,079,978	585,424	-	8,960,307	-	**6,720,230**
QG6	36	659,579	9,966,094	-	1,079,978	585,424	-	8,960,307	-	**6,720,230**
QG7	36	659,579	9,966,094	-	1,079,978	585,424	-	8,960,307	-	**6,720,230**
QG8	36	359,854	4,983,044	-	570,045	292,714	-	4,480,175	-	**3,360,131**
QG9	36	359,854	4,983,044	-	570,046	292,713	-	4,480,175	-	**3,360,131**
LR1	218,222	1,768,869	2,237,865	45,191	1,143,400	889,938	379,612	1,766,815	-	**901,076**
LR2	464,752	2,593,842	-	3,908,454	1,675,194	-	-	(2,525,054)	2,525,054	**-**
RG1	5,723,321	1,900,429	2,748,389	54,957	6,673,150	347,560	52,893	3,243,579	329,144	**2,372,599**
RG2	6,156,157	7,532,085	10,597,030	587,871	10,156,550	5,819,763	187,598	7,533,490	-	**5,051,205**
Barzan	2,740,683	1,686,205	37,006,424	2,155,390	540,929	13,771,023	1,289,805	23,676,165	(363,438)	**21,655,395**
QVC	743,015	555,675	892,604	841	471,005	104,147	-	1,615,301	418,186	**1,518,206**
Q-chem	280,859	1,418,857	2,259,869	12,645	692,364	625,353	2,690	2,626,533	315,047	**1,654,579**
Q-chem II	263,361	2,070,629	4,453,704	14,185	1,018,345	1,323,671	-	4,431,493	909,906	**3,169,967**
Oryx	983,793	1,334,917	3,028,567	16,117	1,091,701	168,467	-	4,070,992	-	**2,076,206**
QG3	6,422,158	2,211,733	17,620,982	283,945	6,189,270	11,951,072	946,757	6,883,829	-	**4,715,423**
QG4	4,658,814	2,539,009	17,098,310	1,149,210	3,182,911	9,017,058	939,677	10,007,277	-	**7,005,094**
RG3	9,212,520	8,484,006	26,775,498	1,903,309	12,245,430	18,682,310	1,819,295	9,821,680	-	**6,875,176**
GP LNG	578,884	84,834	26,751,663	506,186	54,906	220,793	-	26,633,496	(1,550)	**18,641,897**
ALNG	94,538	342,903	6,427,232	5,906	207,463	129,384	-	6,521,920	67,590	**1,504,010**
SH LNG	271,665	254,521	4,846,861	408,000	-	2,017,975	-	2,947,072	-	**1,989,274**
GP Pipeline	103,778	24,195	2,322,229	66,682	6,916	5,260	-	2,371,344	(189,759)	**1,470,182**
QPI & SP	3,909	-	1,160,701	-	262	-	-	1,164,348	653,881	**1,224,412**
QAPCO	1,619,609	1,542,964	6,720,768	29,254	1,907,353	427,312	-	7,519,422	333,979	**6,349,517**
NOC	318,980	5,210,879	21,990,188	952,684	5,261,227	4,274,609	2,196,215	14,835,312	-	**10,384,718**
Qatalum	1,798,234	2,513,023	11,697,034	96,890	1,283,005	5,037,138	-	9,591,258	50,378	**4,846,007**
G Triangle	109,648	76,009	5,233,864	1,690,303	5,213	810,303	-	2,913,702	27,012	**1,454,726**

* Pertains mainly to foreign currency translation differences, impairment losses, unrecognised share of losses and other adjustments.

As at and for the year ended 31 December 2022 QR '000

8. Investments in joint arrangements (continued)

b. Investments in joint ventures (continued)

2022	Revenue	Depreciation and amortization	Interest income	Interest expense	Income tax expense	Profit / (loss) from continuing operations	Other comprehensive income	Total comprehensive income / (loss)	Proportion of Group's interest in joint venture's total comprehensive income / (loss)
QG2	66,807,424	(2,252,195)	48,110	(948,056)	(13,827,028)	25,678,143	-	25,678,143	17,332,747
QG5	-	-	4,939	-	(29,666)	-	-	(55,100)	(41,325)
QG6	-	-	4,939	-	(29,666)	-	-	(55,099)	(41,325)
QG7	-	-	4,939	-	(29,666)	-	-	(55,099)	(41,325)
QG8	-	-	2,472	-	(14,833)	-	-	(27,548)	(20,661)
QG9	-	-	2,472	-	(14,833)	-	-	(27,548)	(20,661)
LR1	19,707,386	(160,837)	15,364	(4,590)	(30,438)	213,035	-	213,034	108,647
LR2 (i)	20,310,599	(39,898)	14,953	(134,068)	(14,036)	284,186	-	284,186	(183,456)
RG1	25,727,848	(1,008,302)	38,100	(26,263)	(5,762,189)	10,701,207	-	10,701,207	6,741,760
RG2	58,219,998	(1,390,720)	44,397	(436,265)	(12,205,022)	22,666,492	-	22,666,492	15,197,883
Barzan	7,073,011	(2,410,466)	40,320	(473,531)	(1,392,256)	975,351	-	975,351	907,076
QVC	2,193,941	(145,676)	18,327	(135)	(320,622)	593,364	-	593,364	581,064
Q-chem	2,341,317	(292,904)	17,588	(1,227)	(300,242)	556,676	-	556,676	431,024
Q-chem II	3,451,048	(411,080)	29,877	(5,464)	(553,724)	1,026,928	-	1,026,928	795,058
Oryx	3,713,550	(428,850)	18,295	(9,344)	(687,308)	1,272,631	-	1,272,631	649,042
QG3	32,919,621	(1,406,554)	124,736	(806,726)	(5,050,620)	9,380,806	-	9,380,806	6,425,852
QG4	30,429,370	(1,372,244)	49,722	(695,029)	(6,222,733)	11,557,528	-	11,557,528	8,090,270
RG3	67,745,478	(2,248,930)	73,157	(1,222,949)	(15,250,501)	27,169,007	-	27,169,007	19,018,305
GP LNG	564,069	(101,687)	786	-	-	(109,096)	-	(109,096)	(76,367)
ALNG	1,361,258	(288,113)	15	-	-	242,533	-	242,533	53,417
SH LNG	566,315	(12,711)	654,696	(60,224)	(118,397)	484,049	37,146	521,195	326,733
GP Pipeline	180,522	(34,868)	25	-	-	97,234	-	97,234	49,680
QPI & SP	(162,410)	-	349	-	(33)	(162,657)	-	(162,657)	(79,702)
QAPCO	4,385,769	(419,183)	33,999	(4,389)	(470,626)	1,523,556	(21,080)	1,502,476	1,881,094
NOC	35,081,898	(1,884,799)	40,207	(225,749)	(2,329,160)	4,325,587	-	4,325,587	3,027,911
Qatalum	7,969,824	(884,928)	22,382	201,940	(621,450)	1,178,246	-	1,178,246	899,848
G Triangle	-	-	194	(1,596)	-	(4,763)	-	(4,763)	(2,334)

(i) The Group's share of loss is restricted to the carrying amount.

Proportion of Group's interest in joint ventures total comprehensive income / (loss) does not include intra group adjustments.

As at and for the year ended 31 December 2022 QR '000

8. Investments in joint arrangements (continued)

b. Investments in joint ventures (continued)

2021	Cash and cash equivalents	Other current assets	Non-current assets	Current financial liabilities (excluding trade payables and provision)	Other current liabilities	Non-current financial liabilities (excluding trade payables and provision)	Other non-current liabilities	Net assets	Adjustments*	Proportion of Group's interest in joint venture's net assets
QG1	1,817,885	2,128,027	662,855	49,249	3,443,738	615,105	-	500,675	-	325,439
QG2	3,165,271	7,194,602	28,684,103	464,049	5,235,243	13,893,151	3,184,520	16,267,013	-	10,980,234
LR	176,194	1,710,931	1,969,830	41,136	1,390,196	871,841	-	1,553,782	-	792,429
LR2	112,709	1,618,122	802,129	11,546	1,693,004	3,856,049	-	(3,027,639)	3,027,639	-
RG1	1,937,637	1,491,803	3,195,214	53,608	2,738,481	558,340	8,539	3,265,686	175,266	2,232,648
RG2	3,313,430	4,431,467	10,580,348	529,136	5,429,617	6,730,163	57,989	5,578,340	-	3,740,278
Barzan	435,814	1,683,249	38,001,611	2,302,402	503,598	15,549,498	66,937	21,698,239	(125,010)	20,054,352
QVC	661,836	496,016	926,955	790	473,658	138,882	-	1,471,477	436,665	1,438,741
Q-chem	494,938	1,605,400	2,090,983	15,011	819,018	702,160	2,874	2,652,258	402,624	1,755,275
Q-chem II	510,084	1,909,915	4,832,570	10,239	981,723	1,418,238	-	4,842,369	964,908	3,434,516
Oryx	975,610	1,166,940	3,248,043	14,648	624,207	187,977	-	4,563,761	-	2,327,518
QG3	6,025,762	2,435,469	19,262,152	1,632,864	4,267,267	11,474,222	1,154,326	9,194,704	-	6,298,372
QG4	2,815,707	1,964,657	18,709,443	1,835,434	1,911,109	9,984,040	1,150,235	8,608,989	-	6,026,292
RG3	4,581,814	5,455,592	28,688,929	1,796,416	5,072,981	20,141,525	2,892,414	8,822,999	-	6,176,099
GP LNG	102,046	77,763	19,834,697	7,145	897,600	61,036	-	19,048,725	(1,550)	13,332,558
ALNG	76,218	208,562	7,119,137	6,243	166,412	47,718	-	7,183,544	(118,151)	1,463,989
SH LNG	224,218	223,385	5,466,892	169,529	164,662	2,421,794	32,840	3,125,670	87,193	2,197,020
GP Pipeline	6,614	27,857	2,172,694	222	74,132	3,415	-	2,129,396	(171,378)	1,319,199
QPI & SP	3,949	-	1,344,955	-	53	-	-	1,348,851	653,879	1,314,816
QAPCO	1,263,007	1,455,826	6,857,574	1,382,553	659,113	446,795	-	7,087,946	377,200	6,047,557
NOC	184,791	4,715,038	17,638,902	599,647	4,965,606	3,226,014	2,873,740	10,873,724	-	7,611,607
Qatalum	712,879	2,748,156	12,327,923	124,896	1,152,762	5,211,949	-	9,299,351	(258,766)	4,390,915

* Pertains mainly to foreign currency translation differences, impairment losses and other adjustments.

As at and for the year ended 31 December 2022 QR '000

8. Investments in joint arrangements (continued)

b. Investments in joint ventures (continued)

2021	Revenue	Depreciation and amortization	Interest income	Interest expense	Income tax expense	Profit / (loss) from continuing operations	Other comprehensive income	Total comprehensive income / (loss)	Proportion of Group's interest in joint venture's total comprehensive income / (loss)
QG1	15,647,788	(1,846,244)	3,625	(37,397)	(3,224,843)	3,150,944	-	3,150,944	2,048,114
QG2	40,005,678	(2,148,674)	5,882	(987,832)	(8,478,553)	15,774,919	-	15,774,919	10,648,070
LR1	13,713,081	(157,394)	2,959	(2,162)	(33,299)	169,147	-	169,147	86,265
LR2 (i)	10,554,875	(40,277)	1,973	(81,012)	(227,926)	(159,206)	-	(159,206)	(91,728)
RG1	14,487,659	(508,028)	2,100	(28,043)	(3,553,736)	6,599,796	-	6,599,796	4,157,871
RG2	35,375,809	(1,269,934)	3,724	(479,813)	(6,317,252)	11,587,654	-	11,587,654	7,775,316
Barzan	6,272,539	(1,852,603)	23,758	(322,773)	(871,132)	1,190,627	-	1,190,627	1,107,283
QVC	1,900,571	(135,302)	7,040	(171)	(301,002)	561,539	-	561,539	548,572
Q-chem	2,729,039	(269,648)	8,154	(2,781)	(408,029)	756,902	-	756,902	585,949
Q-chem II	3,460,603	(409,074)	6,523	(5,460)	(590,386)	1,030,167	-	1,030,167	814,674
Oryx	2,938,824	(402,473)	4,510	(10,714)	(409,030)	749,680	-	749,680	382,337
QG3	21,226,685	(1,336,098)	23,533	(787,608)	(3,211,284)	5,964,844	-	5,964,844	4,085,918
QG4	18,260,300	(1,292,306)	10,043	(653,049)	(3,178,506)	5,910,625	-	5,910,625	4,137,437
RG3	39,167,281	(2,288,083)	5,136	(1,301,926)	(7,684,298)	14,160,526	-	14,160,526	9,912,368
GP LNG	558,595	(100,630)	18	-	-	180,137	-	180,137	126,096
ALNG	699,406	(306,850)	3	(3,632)	(3,640)	(11,896)	-	(11,896)	(2,733)
SH LNG	381,432	(13,847)	707,455	(58,378)	(307,748)	366,421	(47,167)	319,254	215,568
GP Pipeline	180,435	(34,511)	6	-	-	66,234	-	66,234	46,364
QPI & SP	472,181	-	22	-	(7)	471,810	-	471,810	231,187
QAPCO	4,098,192	(318,055)	16,977	(5,669)	(525,961)	1,704,753	(1,117)	1,703,636	2,088,758
NOC	23,157,960	(1,623,131)	14,330	(210,911)	(1,749,261)	3,248,631	-	3,248,631	2,274,042
Qatalum	6,236,667	(877,251)	397	(142,667)	(580,231)	1,083,515	-	1,083,515	831,871

Proportion of Group's interest in joint ventures total comprehensive income / (loss) does not include intra group adjustments.

As at and for the year ended 31 December 2022 QR '000

9. Other investments

	2022	2021
Non-current assets		
Financial assets at FVOCI (Note a)	**4,929,526**	4,972,236
Financial assets at amortised cost	**2,237,098**	2,299,404
	7,166,624	7,271,640
Current assets		
Financial assets at FVTPL (Note b)	**817,623**	767,877

a. Financial assets at FVOCI

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

	2022	2021
Quoted equity instruments	**4,627,455**	4,559,273
Quoted debt instruments	**278,346**	355,859
Quoted managed funds	**22,222**	55,601
Unquoted equity instruments	**1,503**	1,503
	4,929,526	4,972,236

The movement during the year was as follows:

	2022	2021
As at 1 January	**4,972,236**	4,740,613
Additions during the year	**1,733,537**	1,386,496
Disposals during the year	**(2,085,790)**	(1,024,898)
Fair value changes during the year	**198,926**	41,894
Other adjustments	**110,617**	(171,869)
As at 31 December	**4,929,526**	4,972,236

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

b. Financial assets at FVTPL

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

	2022	2021
Quoted equity instruments	**690,995**	638,764
Quoted debt instruments	**123,043**	125,528
Unquoted equity instruments	**3,585**	3,585
	817,623	767,877

As at and for the year ended 31 December 2022 QR '000

9. Other investments (continued)

b. Financial assets at FVTPL (continued)

The movement during the year was as follows:

	2022	2021
As at 1 January	**767,877**	706,391
Acquisition during the year	**302,937**	194,746
Disposals during the year	**(250,478)**	(161,708)
Net movement in fair value during the year (Note 27)	**11,133**	20,806
Other adjustments	**(13,846)**	7,642
As at 31 December	**817,623**	767,877

10. Other non-current assets

	2022	2021
Loans and advances to related parties (Note 16(a))	**1,290,022**	348,331
Lease receivables (Note a)	**2,127,554**	1,673,839
Projects under development (Note b)	**3,903,831**	22,324,360
Catalysts	**203,232**	213,719
Deferred tax asset (Note c and Note 32)	**771,566**	559,319
Recoverable injected gas (Note d)	**2,668,848**	1,809,331
Capital advances (Note e)	**192,371**	-
Other non-current assets	**131,399**	45,177
	11,288,823	26,974,076

a. Lease receivables

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

	2022	2021
Not later than one year	**61,956**	24,534
Later than one year and not later than five years	**375,613**	217,338
Later than five years	**1,751,941**	1,456,501
	2,189,510	1,698,373

	2022	2021
Classified as below:		
Non-current asset	**2,127,554**	1,673,839
Current asset (Note 14)	**61,956**	24,534
	2,189,510	1,698,373

b. Projects under development

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

	2022	2021
North Field Expansion Project	**2,686,246**	19,139,038
North Field Production Sustainability Project	**74,004**	2,960,396
Ras Laffan Petrochemical Plant	**1,136,681**	218,131
Others	**6,900**	6,795
	3,903,831	22,324,360

As at and for the year ended 31 December 2022 QR '000

10. Other non-current assets (continued)

b. Projects under development (continued)

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

	2022	2021
As at 1 January	**22,324,360**	6,515,465
Project costs paid during the year	**20,304,550**	15,945,869
Transfer from other current assets	**-**	224,926
Transfer to property, plant and equipment (Note 5(a)(ii))	**(4,067,712)**	-
Transfer to investment in joint ventures (Note 8(b)(iii) and Note 8(b)(viii))	**(34,657,367)**	(361,900)
As at 31 December	**3,903,831**	22,324,360

c. Deferred tax asset

Deferred tax asset represents asset recognized on carried forward tax losses of QR 298.20 million (2021: QR 399.32 million) and other deductible temporary differences of QR 473.37 million (2021: QR 160 million) and pertains to overseas subsidiaries of the Group.

d. Recoverable injected gas

This represents amounts incurred on the excess quantities of gas injected in Khuff reservoir which have been produced internally or purchased from third parties. Management assessed that these injected quantities of gas can be extractable in long term future. Accordingly, the cost incurred on injected quantities of gas has been capitalized to the extent of extractable gas quantities.

e. Advances

The Group has entered into an EPCC contract for the construction of the QAFCO plant VII (Ammonia VII) project on 31 August 2022. The all-inclusive lump sum EPCC contract price is USD 469.91 million and Euro 548.68 million. The Group has paid an amount of QR 192.37 million as of 31 December 2022 for this project.

11. Discontinued operations

In 2017, the Group has classified its investment in a joint venture as held for sale as the management decided to dispose the investment which was disposed-off in 2021.

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

12. Inventories

	2022	2021
Crude oil, gas and refined products	**2,356,969**	1,227,141
Steel and other related products	**577,827**	385,737
Maintenance and other materials	**5,928,358**	4,428,005
	8,863,154	6,040,883
Less: Provision for obsolescence	**(756,764)**	(686,331)
	8,106,390	5,354,552

As at and for the year ended 31 December 2022 QR '000

12. Inventories (continued)

Movement in the provision for obsolescence was as follows:

	2022	2021
As at 1 January	**686,331**	583,684
Provision during the year (Note 28)	**74,285**	53,588
Adjustment	**(3,852)**	49,059
As at 31 December	**756,764**	686,331

13. Amounts due from Government of Qatar

Represents the outstanding balances receivable from the Ministry of Finance of the Government of Qatar at the year end. None of the balances with the Ministry of Finance at the end of the reporting period are past due and taking into account the current credit ratings of the Ministry, the Group's management has assessed that there is no impairment, and hence has not recorded any loss allowances on these balances.

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

14. Accounts receivables and prepayments

	2022	2021
Due from related parties (Note 16(b))	**7,795,241**	10,461,934
Trade and insurance receivables (Note a)	**14,459,201**	11,970,244
Reinsurance contract assets (Note c)	**1,091,277**	757,382
Loans to employees (Note b)	**508,054**	473,980
Advances to vendors (Note f)	**441,330**	1,374,602
Prepayments and other debit balances	**351,239**	153,130
Contract assets (Note g)	**1,157,427**	1,099,885
Loans and advances to related parties (Note 16(a))	**392,819**	633,261
Accrued interest (Note h)	**259,524**	154,496
Other receivables (Note e)	**4,957,849**	645,486
Derivative financial assets (Note d)	**1,496**	312,123
Lease receivables (Note 10(a))	**61,956**	24,534
	31,477,413	28,061,057
Less: Loss allowance (i)	**(644,920)**	(633,407)
	30,832,493	27,427,650

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

	2022	2021
Trade and insurance receivables (Note 14(a))	**510,248**	484,324
Accrued interest (Note 14(h))	**24,768**	24,768
Due from related parties (Note 16(b))	**66,665**	81,250
Loans to employees (Note 14(b))	**43,003**	43,003
Contract assets (Note 14(g))	**236**	62
	644,920	633,407

a. Trade and insurance receivables

	2022	2021
Trade and insurance receivables	**14,459,201**	11,970,244
Loss allowance	**(510,248)**	(484,324)
	13,948,953	11,485,920

The average credit period on sales of goods is thirty (30) days to ninety (90) days. No interest is charged on the trade receivables due. The Group does not hold any collateral over these balances.

As at and for the year ended 31 December 2022 QR '000

14. Accounts receivable and prepayments (continued)

a. Trade and insurance receivables (continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. During the year, the Group has recognised a loss allowance of QR 26 million (2021: QR 131) million against trade receivables (Note 30).

The Group writes off a trade/insurance receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade/insurance receivables based on the Group's provision matrix. As QatarEnergy's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade/insurance receivables – days past due					
31 December 2022	**Not past due**	**0 – 30 days**	**30 – 60 days**	**60 – 120 days**	**> 120 days**	**Total**
Gross carrying amount	10,957,006	834,358	246,414	457,185	1,964,238	14,459,201

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

As at the reporting date, the expected credit loss rate ranged from 0% - 9.9% (2021: 0% - 11.60%) resulting in a lifetime ECL of QR 535 million (2021: QR 509 million).

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the requirements set out in IFRS 9.

	2022	2021
As at 1 January	**509,092**	369,550
Expected credit loss allowance remeasured during the year (Note 30)	**25,924**	131,275
Adjustments	**-**	8,267
As at 31 December	**535,016**	509,092

b. Loans to employees

	2022	2021
Loans to employees	**508,054**	473,980
Loss allowance	**(43,003)**	(43,003)
	465,051	430,977

The following table shows the movement in lifetime ECL that has been recognised for loans to employees in accordance with the requirements set out in IFRS 9.

	2022	2021
As at 1 January	**43,003**	42,643
ECL recognised during the year (Note 30)	**-**	360
As at 31 December	**43,003**	43,003

As at and for the year ended 31 December 2022 QR '000

14. Accounts receivable and prepayments (continued)

c. Reinsurance contract (assets) and liabilities

Reinsurance share of outstanding claims are as follows:

	2022			2021		
	Gross	**Reinsurance Share**	**Net**	Gross	Reinsurance Share	Net
As at 1 January						
Reported claims	551,848	(366,093)	185,755	586,352	(424,312)	162,040
Unearned premiums	256,625	(144,546)	112,079	267,688	(154,208)	113,480
IBNR and other technical reserves	406,102	(246,743)	159,359	374,612	(227,610)	147,002
	1,214,575	(757,382)	457,193	1,228,652	(806,130)	422,522
Movement during the year:						
Reported claims	175,791	(184,031)	(8,240)	(34,504)	58,219	23,715
Unearned premiums	233,677	(123,152)	110,525	(11,063)	9,662	(1,401)
IBNR and other technical reserves	43,966	(26,712)	17,254	31,490	(19,133)	12,357
	453,434	(333,895)	119,539	(14,077)	48,748	34,671
As at 31 December						
Reported claims	727,639	(550,124)	177,515	551,848	(366,093)	185,755
Unearned premiums	490,302	(267,698)	222,604	256,625	(144,546)	112,079
IBNR and other technical reserves	450,068	(273,455)	176,613	406,102	(246,743)	159,359
	1,668,009	**(1,091,277)**	**576,732**	1,214,575	(757,382)	457,193

d. Derivative financial assets and liabilities

The Group maintains active trading positions in a variety of derivatives. The contracts are entered into for risk management purposes. The contracts are classified as held for trading and are recognized at fair value with changes in fair value recognized in profit and loss.

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

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

	2022	2021
Derivatives held for trading		
Derivative financial assets	**1,496**	312,123
Derivative financial liabilities (Note 25)	**134,858**	1,045,281

As at and for the year ended 31 December 2022 QR '000

14. Accounts receivable and prepayments (continued)

e. Other receivables

This includes receivable from TotalEnergies EP Qatar amounting to QR 2,254 million (2021: Nil) on account of its share in QG5 (Note 8(b) (iii)).

f. Advances to vendors

This includes transfer of advances to Golden Triangle (investment in joint venture) amounting to QR 682.97 million (2021: Nil) to investment in joint venture (Note 8(b) (vii)).

g. Contract assets

	2022	2021
Contract assets	**1,157,427**	1,099,885
Loss allowance	**(236)**	(62)
	1,157,191	1,099,823

The following table shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the requirements set out in IFRS 9:

	2022	2021
As at 1 January	**62**	-
Expected credit loss allowance recognized during the year (Note 30)	**174**	62
As at 31 December	**236**	62

h. Accrued interest

	2022	2021
Accrued interest	**259,524**	154,496
Loss allowance (Note 16 (a) (ii))	**(24,768)**	(24,768)
	234,756	129,728

As at and for the year ended 31 December 2022 QR ‘000

15. Cash and cash equivalents

	2022	2021
Cash at banks and on hand	**40,457,482**	29,877,818
Short-term deposits	**53,740,033**	48,362,468
Total cash and bank balances	**94,197,515**	78,240,286
Less: Loss allowance (Note ii)	**(1,529)**	(1,529)
Cash and bank balances as per consolidated statement of financial position	**94,195,986**	78,238,757
Less: Term deposits maturing after ninety (90) days	**(10,227,653)**	(13,112,331)
Less: Restricted cash (Note i)	**(598,356)**	(512,534)
Add: Loss allowance	**1,529**	1,529
Cash and cash equivalents as per consolidated statement of cash flows	**83,371,506**	64,615,421

i. As at 31 December 2022, certain cash balances and deposits amounting to QR 598 million (2021: QR 513 million) have been set aside for meeting the other liabilities and commitments.

ii. The group recognised additional loss allowance against bank balances amounting to Nil (2021: loss allowance of QR 0.53 million) (Note 30).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods between one day and six months depending on the immediate cash requirements of the respective Group entities at average interest rates of 1.25% to 6.32% (2021: 0.1% to 2.66%).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed and recorded minimal impairment on these balances.

16. Related party balances and transactions

Related parties represent associated companies, the shareholder, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

(a) Loans and advances to related parties

	2022	2021
Joint ventures of the Group		
Laffan Refinery Company Limited (2) (LR2) (Note i)	**2,927,722**	2,998,337
Arab Refining Company (ARC) (Note ii)	**189,320**	189,320
Siraj (1) Q.P.S.C (Siraj 1) (Note iii)	**-**	260,033
TOQAP Guyana BV (TOQAP) (Note iv)	**116,736**	95,935
Total gross receivable	**3,233,778**	3,543,625
Less: Loss allowance (Note v)	**(1,550,937)**	(2,562,033)
Net receivable	**1,682,841**	981,592

	2022	2021
Classified as below:		
Non-current asset (Note 10)	**1,290,022**	348,331
Current asset (Note 14)	**392,819**	633,261
	1,682,841	981,592

16. Related party balances and transactions (continued)

(a) Loans and advances to related parties (continued)

i. Details of loan to LR2

This pertains to shareholders' loan agreement with LR2 wherein 70% of the cash call advances will form part of a loan while the other will be capitalized as part of the investments in LR2's share capital. The loan receivable bears an interest rate which is the aggregate of the margin (2.75% per annum) and LIBOR rate. LR2 shall repay the loan over a period of fourteen (14) years on a quarterly basis. The initial payment was due on 31 March 2018 and maturity date is on 31 December 2031. On 17 December 2018, the shareholders of LR2 amended the agreement and revised the margin from 2.75% per annum to 2.49% per annum effective from 1 October 2018 to 30 September 2020 and 1.74% per annum from 1 October 2020 until the end of the term. In addition, no payment of outstanding principal was required from 1 October 2018 to 30 September 2020. During the year, the shareholders of LR2 amended the agreement on 31 March 2022 and 6 October 2022, and accordingly no payment of outstanding principal was required for quarters ended March 2022, September 2022 and December 2022. Subsequent to year end, shareholders of LR2 have amended the loan agreement and revised the principal outstanding to QR 2,184 million (equivalent to USD 600 million). The Group's share in revised principal outstanding is QR 1,572 million (equivalent to USD 432 million).

ii. Details of the loan to ARC

On 13 May 2019, the Group ("lender"), ARC ("borrower") and QPI Egypt Ltd. ("subsidiary") entered into a Committed Further Shareholder Funding (CFSF) loan agreement under which the lender will provide loan to the borrower for the purpose of on-lending all amounts borrowed to Egyptian Refining Company, a joint venture of the borrower, to fund the new controlling account and to comply with the borrower's obligations in respect of the Committed Further Shareholding Payment Provisions in accordance with the terms of the Deed of Shareholder Support.

This loan is fully provided as of 31 December 2021 due to delays in project commencement, reduction in margins and default in debt service leading to potential debt restructuring in ERC.

Accrued interest income on this loan is QR 24.75 million (2021: QR 24.75 million) which is also fully provided.

iii. Details of the loan to Siraj (1) Q.P.S.C

The loan is granted to Siraj (1) Q.P.S.C. for the purpose of working capital and for financing the construction of solar power plant. The loan carries an interest of 0.788% per annum. Siraj (1) Q.P.S.C has fully repaid the loan during the year ending 31 December 2022.

iv. Details of the loan to TOQAP

On 3 February 2021, the Group, through its fully owned subsidiary QPIU ("lender") signed a shareholder loan agreement with TOQAP Guyana BV ("borrower") for an initial principal amount of USD 40 million (QR 145.6 million). This Agreement is entered into for consecutive periods of one (1) year starting from the signing date. During the year, the Group has withdrawn an amount of QR 27.21 million (USD 7.48 million) (2021: QR 95.94 million (USD 26.36 million)).

The borrower shall repay in full the amount of the loan at the maturity date (e.g., one year from the first withdraw down unless mutually agreed by parties to change the final maturity date) and the agreement will terminate at the final maturity date.

v. Loss allowance

For the purpose of impairment assessment, the loss allowance is measured at an amount equal to lifetime ECL using the general approach. The expected credit losses on loans to related parties are estimated using factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

During the year, the Group has reversed loss allowance of QR 1,011.10 million (2021: QR 1.17 million) against the loans and advances due from related parties (Note 30).

As at and for the year ended 31 December 2022 QR '000

16. Related party balances and transactions (continued)

(b) Due from related parties

	2022	2021
Joint ventures of the Group		
Ras Laffan Liquefied Natural Gas Co. Limited	**887,555**	1,075,507
North Oil Company	**62,164**	365,865
Qatar Petrochemical Company Limited Q.P.S.C.	**1,172,112**	1,409,735
Qatar Liquefied Gas Company Limited (2)	**543,211**	43,632
Qatar Fuel Additives Company Limited Q.P.S.C.	**551,304**	502,635
Qatar Liquefied Gas Company Limited (QG1) *	**-**	1,376,437
Qatofin Company Limited	**168,334**	200,426
Qatar Chemical Company Limited	**107,021**	156,687
Qatar Chemical Company Limited II	**224,519**	234,319
Qatar Aluminium Limited	**45,445**	45,892
Ras Laffan Liquefied Gas Company Limited (3)	**379,008**	-
Qatargas Operating Company Limited	**586,892**	279,008
Laffan Refinery Company Limited II	**330,886**	243,099
Ras Laffan Olefins Company Limited	**34,510**	15,075
Laffan Refinery Company Limited	**309,255**	4,633
Gulf Drill L.L.C.	**240,605**	303,470
Associates of the Group		
Mesaieed Power Company Limited Q.P.S.C.	**106,056**	183,512
Umm Al Houl Power Q.P.S.C.	**217,486**	253,872
Ras Girtas Power Company	**214,117**	845,086
Qatar Metals Coating Company W.L.L.	**14,249**	16,934
Ras Laffan Power Company Limited (Q.P.S.C.)	**12,970**	12,651
Others	**1,587,542**	2,893,459
Total (Note 14)	**7,795,241**	10,461,934
Loss allowance	**(66,665)**	(81,250)
Net	**7,728,576**	10,380,684

* QG1 is subsidiary effective 1 January 2022.

Due from related parties are unsecured and non-interest bearing. These are collectible within the Group's normal credit term.

For the purpose of impairment assessment, the loss allowance is measured at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on due from related parties are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As at the reporting date, the expected credit loss rate ranged from 0.1% - 5.4% (2021: 0.01% - 4.94%).

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the requirements set out in IFRS 9.

	2022	2021
As at 1 January	**81,250**	88,881
ECL reversed during the year (Note 30)	**(14,585)**	(7,631)
As at 31 December	**66,665**	81,250

As at and for the year ended 31 December 2022 QR '000

16. Related party balances and transactions (continued)

(c) Due to related parties

	2022	2021
Joint ventures of the Group		
Ras Laffan Liquefied Natural Gas Co. Limited (II) (Note i)	**591,621**	14,303
Qatar Liquefied Gas Company Limited (2) (Note i)	**633,476**	6
Ras Laffan Liquefied Natural Gas Company Limited (3) (Note i)	**2,027,768**	1,026,492
Ras Laffan Liquefied Natural Gas Co. Limited (Note i)	**829,507**	1,363,296
Qatar Liquefied Gas Company Limited (4) (Note i)	**745,969**	504,505
Qatar Liquefied Gas Company Limited (3) (Note i)	**-**	1,508,487
Laffan Refinery Company Limited 2	**715,056**	617,154
Laffan Refinery Company Ltd.	**406,457**	233,087
Qatar Gas Operating Company Limited	**378,156**	446
North Oil Company (Note i)	**1,007,689**	826,455
Others	**421,817**	477,752
Total (Note 25)	**7,757,516**	6,571,983

i. These amounts mainly represent amounts received from the joint ventures under 'Acceptable Credit Support' agreement. This non-interest-bearing amount is repayable within three to fifteen business days upon demand.

ii. Due to related parties are unsecured and non-interest bearing. These are payable within the normal terms and operations of the Group.

(d) Related party transactions

	2022	2021
Operating income		
Joint ventures of the Group		
Qatar Liquefied Gas Company Limited (2)	**321,434**	1,157,244
RasGas Company Limited	**4,074,271**	3,521,185
Laffan Refinery Company Limited	**7,820,958**	4,247,123
Qatar Fuel Additives Company Limited Q.S.C.	**1,553,815**	1,041,707
Associates of the Group		
Ras Girtas Power Company Limited	**1,517,898**	1,394,157
Umm al Houl Power Company Limited	**1,146,307**	1,045,990
Others	**9,337,684**	15,048,174
	25,772,367	27,455,580
Purchases		
Joint ventures of the Group		
Laffan Refinery Company Limited (2)	**10,145,849**	4,189,418
Laffan Refinery Company Limited	**6,562,036**	3,303,099
Qatar Liquified Gas Company (2)	**-**	5,754
Ras Laffan Liquified Natural Gas Co. Limited	**737,730**	478,199
Qatar Petrochemical Company	**151,730**	128,228
Barzan Gas Company Limited	**3,498,111**	3,497,451
Others	**271,800**	168,232
	21,367,256	11,773,463
Dividends received from joint ventures (Note 8(b))	**75,648,900**	45,342,233
Dividends received from associates (Note 7)	**1,159,472**	206,513

As at and for the year ended 31 December 2022 QR '000

16. Related party balances and transactions (continued)

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

	2022	2021
Balance at 1 January	**48,056,749**	37,803,570
Sales revenue collected by Ministry of Finance (MOF) on behalf of QatarEnergy	**36,749,923**	25,473,587
Grant income from Government (Note 27 (i))	**425,849**	322,132
Cash transfers to MOF	**208,120,483**	115,476,275
Dividend transferred to shareholder during the year (Note 40)	**(82,074,789)**	(42,687,628)
Taxes paid to the Government (Note 32)	**(26,581,297)**	(16,499,706)
Royalties paid to the Government (Note 28(ii))	**(11,919,743)**	(7,625,723)
Collections on behalf of the Government:		
Qatargas royalty collection	**(48,812,402)**	(26,194,635)
Rasgas royalty collection	**(36,469,061)**	(22,227,467)
North Oil royalty collection / supplementary contribution	**(24,009,927)**	(14,113,226)
Barzan royalty	**(1,591,371)**	(1,290,863)
Al-Khalij royalty collection / supplementary contribution	**(537,229)**	(73,046)
Other transactions	**(859,257)**	(306,521)
Balance at 31 December	**60,497,928**	48,056,749

(f) Key management personnel's remuneration

The remuneration of the directors of the Group and other key management personnel in the Group entities is set out below:

	2022	2021
Remuneration and other benefits	**129,400**	124,354

(g) Government related entities

QatarEnergy is owned by the Supreme Council for Economic Affairs and Investment of the State of Qatar ("Government") and accordingly all government related entities i.e., the entities which are under the control, joint control or significant influence of the Government are related parties of the Group. The Group has claimed the partial exemption available under IAS 24 for not disclosing related party balances and transactions with Government related entities. For the year ended 31 December 2022, 29% (2021: 31%) of total sales are made to two government-related entities, other than those which are disclosed in Note 16(d). Further, 28% (2021: 39%) out of trade receivables are related to two government-related entities, other than those which are disclosed in Note 16(b). Management has determined that all other transactions and balances with Government related entities (other than those disclosed above) are not significant individually or collectively.

17. Capital

	2022	2021
Authorised and fully paid capital	**100,000,000**	100,000,000

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

As at and for the year ended 31 December 2022 QR '000

18. General reserve

As per Article 8 of the Decree No. 10 of 1974 (as amended by Law No. 5 of 2012 and Law No.18 of 2021), the Corporation shall have a general reserve in which 50% of the net profit will be transferred until the balance in general reserve is equal to the capital. Any subsequent transfer to general reserve will be subject to the approval of Board of Directors and SCEAI. In 2020, the Board of Directors in its meeting held on 21 April 2020 approved an additional transfer of QR 75,500 million to general reserve from retained earnings.

19. Other reserves

This account includes the following:

	2022	2021
Employee benefit reserve (i)	**(1,935,829)**	(699,668)
Fair value reserve (ii)	**2,735,239**	2,344,589
Hedging reserve (iii)	**(970)**	(715,157)
Foreign currency translation reserve (iv)	**(1,955,663)**	(1,785,912)
Legal and other reserves from subsidiaries	**700,831**	670,069
	(456,392)	(186,079)

(i) Employee benefit reserve

	2022	2021
At 1 January	**(699,668)**	(687,567)
Share of movement in employee benefits reserve during the year:		
From the Parent and subsidiaries	**(1,239,345)**	(17,127)
From Joint ventures	**(16,864)**	(1,658)
From Associates	**-**	7,644
	(1,256,209)	(11,141)
Share attributable to non-controlling interests	**20,048**	(960)
At 31 December	**(1,935,829)**	(699,668)

(ii) Fair value reserve

	2022	2021
At 1 January	**2,344,589**	2,448,180
Share of movement in fair value reserve during the year:		
From the Parent and subsidiaries	**200,100**	41,933
From associates	**12,711**	4,832
	212,811	46,765
Share attributable to non-controlling interests	**133,949**	(89,337)
Other movements during the year	**43,890**	(61,019)
At 31 December	**2,735,239**	2,344,589

(iii) Hedging reserve

	2022	2021
At 1 January	**(715,157)**	(983,369)
Share of movement in hedging reserve during the year:		
From the Parent and subsidiaries	**127,939**	86,524
From Joint ventures	**137,088**	63,513
From associates	**481,843**	134,357
	746,870	284,394
Share attributable to non-controlling interests	**(53,250)**	(16,182)
Other movements during the year	**20,567**	-
At 31 December	**(970)**	(715,157)

As at and for the year ended 31 December 2022 QR '000

19. Other reserves (continued)

(iv) Foreign currency translation reserve

	2022	2021
At 1 January	**(1,785,912)**	(1,553,824)
Share of movement in foreign currency translation reserve during the year:		
From the Parent and subsidiaries	**(29,007)**	(70,286)
From Joint ventures	**(214,543)**	(188,912)
	(243,550)	(259,198)
Share attributable to non-controlling interests	**13,982**	27,110
Other movements during the year	**59,817**	-
At 31 December	**(1,955,663)**	(1,785,912)

20. Loans and bonds

This account includes the following:

	Current		**Non-current**	
	2022	2021	**2022**	2021
Interest bearing loans (Note a)	1,655,607	632,703	2,633,625	3,692,705
Bonds (Note b)	-	2,764,200	45,327,066	45,312,067
	1,655,607	3,396,903	**47,960,691**	49,004,772

(a) Interest bearing loans

	2022	2021
Loans related to drilling segment (i)	**4,284,082**	4,284,082
Loans related to aviation segment (ii)	**10,010**	27,632
Syndicated Murabaha facility (iii)	**-**	19,413
	4,294,092	4,331,127
Less: unamortized finance cost associated with raising finance	**(4,860)**	(5,719)
	4,289,232	4,325,408

i.) These borrowings are related to the Group's subsidiary, Gulf Drilling International (Qatari Private Shareholding Company) ("GDI"). GDI has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.70% (2021: LIBOR plus 1.35% - 2.70%). Most of these loans are to be repaid in quarterly installments. The loans obtained by GDI are unsecured.

Further, loan balances of GDI also consist of a Master Murabaha facility agreement of US$ 925 million with a local Islamic Bank. The proceeds of the facility were utilized on general corporate purposes and the settlement or refinancing of various outstanding loan facilities. The loan is unsecured and has an effective interest of LIBOR plus 2.70%, and repayable in lump sum upon maturity in January 2024. GDI has drawn down USD 693.9 million from this facility as of 31 December 2022 (2021: USD 693.9 million).

In April 2021, GDI has obtained a Murabaha facility of USD 45.45 million from an Islamic Bank to finance the general working capital requirements. The facility carries interest at Qatar Central Banks Money Market Lending rate plus 0.6% subject to a minimum of 3% per annum and is secured by way of assignment over the revenue proceeds from two rigs. The facility is repayable upon its maturity i.e., in one year from the date of drawdown, with an option to renew the facility for a period of one year, subject to mutual agreement between GDI and the bank. GDI has fully drawn down this facility as of 31 December 2022.

As at and for the year ended 31 December 2022 QR '000

20. Loans and bonds (continued)

(a) Interest bearing loans (continued)

ii.) These borrowings are related to the Group's subsidiary, Gulf Helicopters Company (Qatari Private Shareholding Company) ("GHC"). GHC has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.75% (2021: LIBOR plus 1.35% - 2.75%). The loans are to be repaid in quarterly installments. The loans obtained are unsecured and do not have any financial covenants.

In April 2021, GHC obtained a loan of USD 4 million from a bank in Turkey to finance the purchase of a helicopter. The effective interest rate is six months LIBOR plus 0.9% and the facility is repayable upon its maturity i.e., in one year from the date of drawdown. During the year, the loan has been repaid in full.

The loans are unsecured and do not have any financial covenants.

iii.) On 20 April 2014, the Group obtained syndicated Murabaha facility of USD 80 million from a local Islamic Bank to finance the acquisition of the additional 30% shares of GDI. The effective profit rate is 6 months LIBOR plus 1.45% (2021: LIBOR plus 1.45%). The loan is repayable in 15 semi-annual instalments commencing from April 2015 and is unsecured. This loan has been repaid during the year.

(b) Bonds

	2022	2021
JPY Bonds (i)	**-**	2,764,200
USD Bonds (ii)	**45,327,066**	45,312,067
	45,327,066	48,076,267

i.) On 17 August 2012, the Group had issued a bond amounting to JPY 85 billion through a private placement. The bond bears interest at a fixed rate of 1.14% per annum payable semi-annually in arrears in February and August. The bond is direct, unconditional, unsecured and unsubordinated and ranks equally with other outstanding unsecured and unsubordinated indebtedness of the Group. During the year, JPY bond was matured and repaid in full.

The Group's exposure to JPY from the bond was swapped to USD at the time of the bond issuance by entering into cross currency swaps with various highly rated counterparties. As a result of the swaps, the Group pays a fixed rate of 3.3758% per annum payable semi-annually in arrears in February and August. The hedge relationship is treated as a cash flow hedge. The fair value change in the cross-currency swap was recognised in the consolidated statement of profit and loss and other comprehensive income as hedge reserve. The value of foreign currency swap as at 31 December 2022 amounts to Nil (2021: QR 1,268 million) as the associated JPY bond is matured and repaid in full.

Movement of the bond during the year was as follow:

	2022	2021
At 1 January	**2,764,200**	3,076,150
Revaluation of bond value during the year	**(430,100)**	(311,950)
Settlement of bond value	**(2,334,100)**	-
At 31 December	**-**	2,764,200

Movement of foreign currency swap was as follows:

	2022	2021
At 1 January	**1,267,840**	1,042,418
Revaluation of hedging instrument during the year	**302,161**	225,422
Settlement of foreign currency swap	**(1,570,001)**	-
At 31 December (Note 25)	**-**	1,267,840

20. Loans and bonds (continued)

(b) Bonds (continued)

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

	2022	2021
Fair value changes included in equity at 1 January	**(127,939)**	(214,467)
Fair value change in the hedging instrument	**(302,161)**	(225,422)
Adjustments for hedged item	**430,100**	311,950
Fair value changes included in equity at 31 December	**-**	(127,939)

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

Tranche	**Amount (USD '000)**	**Amount (QR '000)**	**Issue price (%)**	**Maturity date**	**Interest rate per annum (%)**	**2022 Carrying value (QR '000)**	**2021 Carrying value (QR '000)**
2026 Bonds	1,500,000	5,460,000	99.905	12 Sep 2026	1.375%	5,456,238	5,455,266
2031 Bonds	3,500,000	12,740,000	98.937	12 July 2031	2.25%	12,615,296	12,603,011
2041 Bonds	3,500,000	12,740,000	99.631	12 July 2041	3.125%	12,695,532	12,693,790
2051 Bonds	4,000,000	14,560,000	100	12 July 2051	3.3%	14,560,000	14,560,000
	12,500,000	**45,500,000**				**45,327,066**	**45,312,067**

Fair value of USD bonds at the reporting date amounted to QR'000 36,299,948 (2021: QR'000 45,910,096). The fair value measurement has been categorized as a Level 1 (quoted prices (unadjusted) in active markets).

21. Employee benefits

	2022	2021
Qatari pension scheme	**2,454,736**	1,777,589
Employees' end of service benefits	**3,090,784**	2,564,914
	5,545,520	4,342,503

The Group has two defined benefit plans as follows:

Qatari pension scheme

The Group has an unfunded scheme i.e., "Qatari pension scheme", where the present value of the defined benefit obligation is backed by a liability.

The Employee's Pension Scheme covers all pensioners and their dependents who retired from the services of QatarEnergy before the implementation of Qatari Pension Law No. 24 of 2002.

As at and for the year ended 31 December 2022 QR '000

21. Employee benefits (continued)

Qatari pension scheme **(continued)**

For pensioners, the monthly pension amount is calculated in accordance with the pension rules applicable before the implementation of Qatari Pension Law No. 24 of 2002. The benefits were on the basis of final salary by considering the length of service.

The pension benefits in respect to the dependents of the deceased pensioner are paid in accordance with the Qatar Labor Law.

The most recent actuarial valuation of the defined benefit plans was carried out at 31 December 2022 by an independent consultant appointed by the management.

Employees' end of service benefits

Employees' end of services benefits represent terminal gratuities and are provided for services rendered in accordance with entitlements stipulated in the employees' contract, the Group's policy and/or Qatar Labor Law number 14 of 2004. This plan is for all permanent employees including Qatari and non-Qatari employees. The Group has measured the liability using actuarial valuations as at 31 December 2022.

The present value of the defined benefit obligation, and the related cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Employees' end of service benefits		**Qatari pension scheme**	
	2022	2021	**2022**	2021
Discount rate	**4.25% - 5.20%**	1.93% - 4.25%	**4.25%**	4.25%
Salary increase rate	**3.0% - 3.5%**	2.0% - 4.70%	**-**	-
Plan duration	**9.41**	8.98	**8.69**	8. 84
Mortality in service	**Swiss EVK 2000**	Swiss EVK 2000	**Swiss EVK 2000 adjusted**	Swiss EVK 2000 adjusted
Normal retirement age	**60 years**	60 years	**N/A**	N/A

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

	Employees' end of service benefits		**Qatari pension scheme**	
	2022	2021	**2022**	2021
As at 1 January	**2,564,914**	3,535,289	**1,777,589**	1,838,159
Current service cost	**280,614**	357,904	**-**	-
Interest cost	**80,210**	121,868	**72,248**	74,792
Benefits paid	**(247,047)**	(245,673)	**(222,353)**	(165,629)
Other adjustment	**-**	(1,191,334)	**-**	-
Actuarial (gain) / loss charged to other comprehensive income due to experience adjustments	**412,093**	(13,140)	**827,252**	30,267
As at 31 December	**3,090,784**	2,564,914	**2,454,736**	1,777,589

As at and for the year ended 31 December 2022 QR '000

21. Employee benefits (continued)

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

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

	Employees' end of service benefits		Qatari pension scheme	
	2022	2021	**2022**	2021
Current service cost	**280,614**	357,904	**-**	-
Interest cost	**80,210**	121,868	**72,248**	74,792
	360,824	479,772	**72,248**	74,792
Other adjustment	**-**	(1,191,334)	**-**	-
For the year	**360,824**	(711,562)	**72,248**	74,792

Significant actuarial assumptions for the determination of the defined obligation are the discount rate, pension growth rate and salary growth rate. The sensitivity analysis below has been determined based on reasonable possible change of the respective assumptions occurring at the end of the reporting period, while keeping all other assumptions constant.

	Employees' end of service benefits		Qatari pension scheme	
	(Decrease) / increase in liability			
	2022	2021	**2022**	2021
Discount rate (+0.5%)	**(115,552)**	(89,851)	**(100,644)**	(72,881)
Discount rate (-0.5%)	**125,146**	95,652	**108,008**	79,992
Pension increase rate (+0.5%)	**-**	-	**110,463**	81,769
Salary increase rate (+0.5%)	**122,737**	96,730	**-**	-
Salary increase rate (-0.5%)	**(115,541)**	(90,929)	**-**	-

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

22. Lease liabilities

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

	2022	2021
Current liabilities	**839,835**	599,158
Non-current liabilities	**4,950,348**	1,632,927
	5,790,183	2,232,085

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

	2022	2021
As at 1 January	**2,232,085**	2,986,592
Liabilities recognized during the year (Note 5(b))	**3,714,521**	463,792
Finance charges on lease liabilities (Note 31)	**288,515**	97,723
Asset acquisition (Note 37)	**635,153**	-
Principal payments made	**(764,980)**	(494,914)
Interest paid	**(288,515)**	(97,723)
Effect of foreign currency translation	**(21,593)**	(5,559)
Derecognition and other adjustments	**(5,003)**	(717,826)
As at 31 December	**5,790,183**	2,232,085

As at and for the year ended 31 December 2022 QR '000

23. Deferred income

	2022	2021
Deferred income	**1,112,781**	1,147,101

Classified as below:

	2022	2021
Current liabilities	**51,581**	51,406
Non-current liabilities	**1,061,200**	1,095,695
	1,112,781	1,147,101

(a) In 2010, an offshore facilities license agreement was executed among Qatar Liquefied Gas Company Limited (2) (QG 2), Qatar Liquefied Gas Company Limited (3) (QG 3), Qatar Liquefied Gas Company Limited (4) (QG 4), Qatar Liquefied Gas Company Limited (QG1), Qatargas Operating Company Limited (QG OPCO) and QatarEnergy with an effective date from 19 December 2007. Under this agreement QG2, QG3, and QG4 paid a one-time license fee of USD 54.19 million (QR 197.25 million) to the Group.

Throughout the life of the license, if the joint arrangement is required to refund any portion of the facility license fees in accordance with Article 2.3.3 of the license agreement, the Group is obligated to refund such portion of the facility license fees to the joint arrangement to enable the joint arrangement to refund licensees accordingly.

The license fees have been treated as deferred income and are being amortised over the tenure of the agreement i.e., 22 years. Amount of revenue recognized during the year under "other income" in profit or loss amounted to QR 8.97 million (2021: QR 8.97 million). The carrying value as at 31 December 2022 amounted to QR 90 million (2021: QR 99 million).

(b) In 2014, a joint license agreement was executed among Ras Laffan Liquified Natural Gas Company Limited (RG), Ras Laffan Liquified Natural Gas Company Limited (II) (RG II), Ras Laffan Liquified Natural Gas Company Limited (3) (RG 3), Barzan Gas Company Limited, AKG Marketing Company Limited, QG 2, QG 3, QG 4, Laffan Refinery Company Limited, Qatar Shell GTL Limited, Dolphin Energy Limited, Oryx GTL Limited and Ras Laffan Olefins Company Limited with an effective date from 1 January 2013. Under this agreement, the Group granted a non-exclusive license share of Common Facilities for loading and export of products.

The Group received a one-time license fee of USD 251.2 million (QR 914.3 million). The license fees have been treated as deferred income and are being amortised over the tenure of the agreement i.e., 25 years. Revenue recognized during the year under other income in profit or loss amounted to QR 36.57 million (2021: QR 36.57 million). The carrying value as at 31 December 2022 amounted to QR 549 million (2021: QR 585 million).

(c) In addition to above, the Group has received amounts from customers for the reimbursement of construction cost of pipelines which are to be used for the execution of gas supply agreements entered with the customers. These amounts have been treated as deferred income and are being amortised over the tenure of the agreements as these pipelines will be used exclusive for the supply to the respective customer. The carrying value as at 31 December 2022 amounted to QR 353 million (2021: QR 354 million).

(d) The Group has other deferred income of QR 121 million (2021: QR 109 million) as of 31 December 2022.

24. Other non-current liabilities

	2022	2021
Decommissioning provision (Note a)	**3,053,536**	1,905,915
Deferred tax liability (Note b)	**252,383**	211,619
Other liabilities	**280,466**	1,820
	3,586,385	2,119,354

As at and for the year ended 31 December 2022 QR ‘000

24. Other non-current liabilities (continued)

a. Decommissioning provision

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

	2022	2021
As at 1 January	**1,905,915**	1,832,989
Additions during the year	**1,129,562**	20,495
Unwinding of discount (Note 31)	**73,431**	66,173
Asset acquisition (Note 37)	**29,203**	-
Effect of foreign currency exchange differences	**3,015**	(13,742)
Payment during the year	**(40,833)**	-
Change in estimate charged to profit or loss	**(18,351)**	-
Change in estimate adjusted in property, plant and equipment	**(28,406)**	-
As at 31 December	**3,053,536**	1,905,915

b. Deferred tax liability

Deferred tax liability mainly represents taxable temporary differences on account of difference in the method of depreciation of assets for tax and accounting purposes (Note 32).

25. Accounts payables and accruals

	2022	2021
Trade creditors (Note a)	**6,939,998**	5,702,171
Accrued liabilities	**2,678,645**	1,442,721
Advance from customers	**218,670**	94,801
Financial guarantees (Note b)	**400,000**	400,000
Due to related parties (Note 16(c))	**7,757,516**	6,571,983
Foreign currency swap (Note 20(b))	**-**	1,267,840
Derivative financial liabilities (Note 14(d))	**134,858**	1,045,281
Contract liabilities	**76,244**	64,271
Payable to reinsurers	**278,083**	204,597
Taxes payable	**196,826**	5,618
Earn-out liability (Note c)	**277,736**	-
Other payables	**2,767,517**	3,930,894
	21,726,093	20,730,177

a. Trade creditors include balances owed to suppliers relating to goods received and services incurred as at the reporting date wherein invoices were not yet received.

b. This represents the provisions on financial guarantees given to lenders of one of the Group’s associates. As per the terms of the financial guarantee agreement, the maximum exposure of the Group is QR 489 million (2021: QR 489 million) upon which QR 400 million (2021: QR 400 million) is recognised as a liability.

c. This refers to the earn-out payment obligation with Petrobras related to Sepia acquisition regarding 2022. This payment is part of the HOA (Heads of Agreement) which states that earn-out is the complementary value that may be added to consideration for Sepia acquisition and is linked to Brent Price. (Note 28).

26. Revenue

Revenue of the Group consists of the following:

	2022	2021
Revenue from contracts with customers (Note a)	**188,056,481**	119,295,131
Revenue from insurance contracts (Note b)	**897,547**	987,957
	188,954,028	120,283,088

As at and for the year ended 31 December 2022 QR '000

26. Revenue (continued)

a. Revenue from contracts with customers

	2022	2021
Crude oil	**36,014,359**	21,568,978
Condensate	**23,588,658**	17,395,961
Natural gas	**58,107,362**	31,127,942
Refined products	**48,588,716**	32,670,290
Steel products	**4,261,838**	3,885,942
Fertilizers	**14,531,756**	10,283,181
Petrochemicals	**581,061**	618,027
Services	**1,387,180**	864,862
Others	**995,551**	879,948
	188,056,481	119,295,131

All revenue is recognised at a point in time except for the revenue from services amounting to QR 1,032.33 million (2021: QR 640.32 million) which is recognised over time.

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

	2022	2021
Domestic sales	**55,625,428**	45,572,745
Export sales (i & ii)	**132,431,053**	73,722,386
	188,056,481	119,295,131

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

(ii) This also includes export sales made through Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. ("Muntajat"). Pursuant to Decree Law 11 of 2012 of the State of Qatar, Muntajat was established in the year 2012 to carry out marketing and distribution activities of all steel products and regulated chemical and petrochemical products.

b. Revenue from insurance contracts

	2022	2021
Gross insurance revenue	**897,547**	987,957

The details of gross insurance revenue are as follows:

	2022	2021
Gross premium	**1,119,515**	970,002
Movement in unearned premium, gross	**(233,678)**	11,063
Net commission income / (expense)	**11,710**	6,892
	897,547	987,957

As at and for the year ended 31 December 2022 QR '000

26. Revenue (continued)

b. Revenue from insurance contracts (continued)

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

2022

	Gross	**Reinsurance**	**Net**
Written premiums	1,119,515	(655,395)	464,120
Change in unearned premiums	(233,678)	123,151	(110,527)
	885,837	**(532,244)**	**353,593**

2021

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

27. Other income

	2022	2021
Recoveries	**1,759,358**	1,645,617
Rental income	**727,712**	920,320
Berthing fees	**585,148**	498,767
Terminal charges	**409,136**	388,171
Government grant (i)	**425,849**	322,132
Fair value gain in FVTPL investments (Note 9(b))	**11,133**	20,806
Signing bonus (ii)	**364,000**	-
Other income	**2,898,847**	3,271,789
	7,181,183	7,067,602

i. Government grant relates to the sale of refined products to Woqod at a subsidized price of which the loss has been covered by the Government (Note 16(e)). Income from grant is recognised on sale of refined products to Woqod as there are no other conditions attached to the grant.

ii. As per the terms of the joint venture agreement with QG5 to QG9 (Note 8(b) (iii), the Group is entitled to an entry bonus from the participating IOCs amounting to USD 25 million each for QG5, QG6, QG7 and USD 12.5 million each for QG8 and QG9. Entry bonus has no conditions attached and accordingly the total amount of QR 364 million (USD 100 million) has been recognised as other income.

28. Operating, selling and administrative expenses

	2022	2021
Direct costs	**21,440,572**	11,704,351
Purchases for resale	**27,856,149**	14,601,839
PSAs operating costs	**3,615,219**	3,416,369
Taxes paid on behalf (Note i)	**8,988,187**	4,949,752
Royalties (Note ii)	**12,349,787**	7,748,138
Net impairment loss / (reversal) (Note iii)	**3,620**	(5,059)
Salaries and related costs (Note iv)	**9,289,586**	8,358,047
Foreign exchange loss	**67,447**	270,779
Write-off of property, plant and equipment (Note 5(a) iii)	**784,755**	748,461
Write-off of intangible assets (Note 6 (iii))	**14,014**	-
Write-off of right-of-use assets (Note 5(b) i)	**27**	-
Provision for earn-out liability (Note 25 (c))	**277,736**	-
Provision for inventory obsolescence (Note 12)	**74,285**	53,588
Other expenses	**1,295,897**	1,385,677
	86,057,281	53,231,942

As at and for the year ended 31 December 2022 QR '000

28. Operating, selling and administrative expenses (continued)

(i) Included in the taxes paid on behalf for the year is tax charged on the income of operators who are parties to certain Production Sharing Agreements amounting to QR 8,988 million (2021: QR 4,894 million) and an amount of QR Nil (2021: QR 56 million) pertaining to tax on the income of certain joint venture companies. This tax obligation has been assumed by QatarEnergy on behalf of the operators in relation to the respective Production Sharing Agreements and joint venture companies.

(ii) Includes royalties due to the Ministry of Finance (as Government) amounting to QR 11,920 million (2021: QR 7,626 million) derived from oil and gas export sales, primarily on an ad-valorem basis depending upon the earnings type and resources (Note 16(e)). Royalties are applied at a rate of 20% on crude oil and refined product exports, and at a rate of 12.5% on gas product exports, including condensates.

This also includes QR 142 million (2021: QR 65 million) on account of royalty on crude oil equal to 10% of the oil sales of Al Khalij Block 6 Field and QR 308.83 million (2021: QR 57.43 million) on account of royalty on crude oil equal to 10% - 15% of the oil production of BC-10 and Sepia block.

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

	2022	2021
Impairment loss on other property, plant and equipment (Note 5(a) iv) – net of reversal	**2,285**	220
Impairment reversal on investment in associates	**-**	(6,554)
Investment property (Note 5(c))	**1,335**	1,275
	3,620	(5,059)

(iv) This includes defined benefit obligation expense amounting to QR 433 million (2021: expense of QR 555 million) (Note 21).

29. Depreciation and amortization

	2022	2021
Depreciation of property, plant and equipment (Note 5(a))	**12,372,104**	11,224,763
Depreciation of right-of-use assets (Note 5(b))	**837,900**	679,381
Depreciation of investment property (Note 5(c))	**16,454**	16,287
Amortization of intangible assets (Note 6)	**380,812**	411,076
Amortization of catalysts	**25,066**	16,341
	13,632,336	12,347,848

30. (Reversal of) / provision for expected credit losses (ECL) on financial

	2022	2021
Provision for ECL on trade and insurance receivables (Note 14(a))	**25,924**	131,275
Provision for ECL on loans to employees (Note 14(b))	**-**	360
Reversal of ECL on loans to related parties (Note 16(a))	**(1,011,096)**	(1,171)
Reversal of ECL on due from related parties (Note 16(b))	**(14,585)**	(7,631)
Provision for ECL on bank balances (Note 15)	**-**	528
Provision for impairment of contract assets (Note 14 (g))	**174**	62
Reversal of ECL on other financial assets	**(3,622)**	(1,480)
	(1,003,205)	121,943

31. Finance charges

	2022	2021
Interest on loans, bonds and foreign currency swaps	**1,520,980**	728,727
Interest on lease liabilities (Note 22)	**288,515**	97,723
Unwinding of discount on decommissioning provision (Note 24(a))	**73,431**	66,173
Others	**34,076**	130,862
	1,917,002	1,023,485

As at and for the year ended 31 December 2022 QR '000

32. Taxes

Provision for taxation for the year is as follows:

	2022	2021
Taxes on income from export sales of QatarEnergy (Note i) (Note 16(e))	**26,581,297**	16,499,706
Current income tax	**470,383**	6,519
Deferred tax (Note ii)	**(145,745)**	177,941
	26,905,935	16,684,166

i. These taxes are calculated at a rate of 85% of the taxable income for crude oil and refined products. For gas and condensate products, taxes are calculated at 50% of the taxable income however the total of royalty and taxation for gas and condensate products should not exceed 50% of the taxable income. Taxable income is determined on the value of all applicable export sales less the costs of operations, depreciation and amortization, and royalties. For the year ended 31 December 2022, taxes amounting to QR 26,581 million (2021: QR 16,500 million) were recognized in profit of loss.

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

	2022	2021
Export sales subject to tax – net	**68,485,545**	44,908,910
Less:		
Royalties	**11,919,743**	7,625,723
Cost of operation and depreciation	**15,094,100**	9,886,926
Taxable income	**41,471,702**	27,396,261
Tax rate	50% – 85%	50% – 85%
Taxes	**26,581,297**	16,499,706

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

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

	2022	2021
As at 1 January	**347,700**	571,276
Recognised during the year	**145,745**	(177,941)
Effect of foreign currency translation	**25,738**	(45,635)
As at 31 December	**519,183**	347,700

Presented in consolidated statement of financial position as follows:

	2022	2021
Deferred tax asset (Note 10)	**771,566**	559,319
Deferred tax liability (Note 24)	**(252,383)**	(211,619)
	519,183	347,700

33. Social fund contribution

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 312 million (2021: QR 292 million) which is equivalent to 2.5% of the adjusted net profit of listed subsidiaries for the year for the support of sports, cultural, social and charitable institutions.

As at and for the year ended 31 December 2022 QR '000

34. Contingent liabilities and commitments

a. Capital commitments

	2022	2021
Capital commitments of the Group	**16,208,020**	10,234,833
Group's share of joint ventures' capital commitments	**130,498,211**	47,553,024
Group's share of associates' capital commitments	**50,340**	15,552
	146,756,571	57,803,409

b. Contingent liabilities

	2022	2021
Claims against the Parent (i)	**-**	-
Contingent liabilities of the subsidiary companies	**2,152,544**	1,463,385
Group's share of joint ventures' contingent liabilities	**4,851,938**	5,664,275
Group's share of associates' contingent liabilities	**195,688**	1,004,655
	7,200,170	8,132,315

(i) Claims against the Parent

As at 31 December 2022, claims against the Parent amounted to QR 553 million (2021: QR 550 million). These claims pertain mainly to court cases related to contractual and employment disputes. While settlement of these claims cannot be predicted with certainty, management does not expect these claims to have a material effect on the Group's financial position. Further, various other claims related to operations and infrastructure have been made against the Group which are currently under review and negotiation with the respective counterparties. Management does not expect these claims to have a material effect on the Group's financial position as of the reporting date.

(ii) Guarantees provided by the Group

In 2013, QatarEnergy transferred a portion of its shares in the Qatar Chemical Company Limited (Q-Chem) and in the Qatar Chemical Company Limited II (Q-Chem II) to MPHC. QatarEnergy has provided a guarantee to the other shareholders in these joint ventures with respect to the due and timely performance of all obligations of MPHC as a shareholder arising from the respective Joint Venture Agreements.

(iii) Other contingent liabilities

- Under the IPO Prospectus for MPHC dated 31 December 2013, QatarEnergy has agreed to release incentive shares it holds in MPHC to current private investors provided that certain conditions are met as set out in the Prospectus. In 2021, 1,949,720 shares were transferred accordingly.

  Ras Laffan Liquefied Natural Gas Company Limited (II) ("RG2"), a joint venture of the Group, has guaranteed, subject to the terms of the Common Security Agreement, as primary obligator and not as a surety, the full and prompt payment when due, of the obligations of Ras Laffan Liquefied Natural Gas Company Limited (3) ("RG3") to pay principal, interest and other amounts when due in respect of all senior debt obligations of RG3. As at 31 December 2022, the loans outstanding in the books of RG3 amounted to QR 7,124 million (USD 1,957 million) (2021: QR 8,332 million (USD 2,289 million)).

- The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. As of the end of the reporting period, the result of the pending or threatened legal proceeding is unpredictable. No further disclosures are made to avoid prejudicing the position of the parties involved in the disputes.

34. Contingent liabilities and commitments (continued)

b. Contingent liabilities (continued)

(iii) Other contingent liabilities (continued)

- On 3 November 2022, General Tax Authority (GTA) issued a formal decision in relation to the 2015 tax assessment by Court of Appeal in favor of GTA for QG1 (a subsidiary of the Group). In accordance to the Income Tax Law of the State of Qatar, the QG1 is allowed to file an appeal at the Qatar Courts. QG1 after discussion with QatarEnergy has decided to pursue the appeal in Qatar court and appointed a third-party lawyer in this regard.

  Management has assessed the QG1's position under the aforementioned Court of Appeal decision, related recent developments and based on the discussions with legal counsel, and believes that it has meritious defense in law and fact, and has concluded that it is probable (i.e., it is more likely than not) that the Court will accept the QG1's tax treatment in the objection, and chances of QG1 paying any additional amount to GTA in this regard are remote and accordingly no provision has been recognized in the consolidated financial statements of the Group.

- QG1 and certain joint ventures (all together "entities") of the Group entered into executed Joint Facility Agreements for certain facilities. Under these agreements, these entities, as one of the owners of the joint facilities, are required, within fifteen years of the effective date of the agreement, to formulate a plan to decommission and restore the respective sites of the joint facilities based on the useful lives of the individual components as determined by the Facilities' Management Committees of the respective joint facility, in accordance with the Environmental Laws of the State of Qatar and Internationally Accepted Petroleum Industry Practices and to propose a funding arrangement for such costs. The Facilities' Management Committees are required to review, modify and approve the Abandonment and Decommissioning Plan prepared by the Operator of the facilities and to determine and agree the basis for funding of the Abandonment and Decommissioning Plan. Entities obligation in this regard is contingent upon occurrence or non-occurrence of a future event which is not wholly within the control of the Group entities. Since, no commercial discussions among the owners of the joint facilities have been concluded as of 31 December 2022 and a funding plan is yet to be submitted to the Facilities' Management Committees, no provision has been made for any present obligation with respect to the costs of abandonment, decommissioning and site restoration of the joint facilities in the respective entities' financial statements.

- GTA issued income tax assessments to certain components of Industries Qatar Q.P.S.C. (IQ, the Group's subsidiary) for the years from 2012 to 2016 and 2018, requiring the components to pay additional taxes and penalties of QR 895 million. This includes penalties amounting to QR 460 million on the contention that the components have not paid the income tax related to the share of IQ during those years.

  The components have submitted formal objections, as per the requirement of the tax law, rejecting the full amount claimed by the GTA. The components also intend to submit a formal appeal against the assessments in full as they believe that it has meritorious defences in law and fact and will to pursue each dispute through the judicial system as necessary.

  Management has concluded that it is probable (i.e., it is more likely than not) that the GTA will accept the tax treatment in the objection and accordingly has not recorded a liability for the assessments received or for any potential further amounts which may be assessed in relation to this matter in subsequent years.

  Further, as per the terms of the Memorandum of Understanding (MOU) entered into between QatarEnergy, MOF and the GTA on 4 February 2020, MOF undertakes to settle any income tax amounts payable by these components for the previous years directly to the GTA. Based on the ongoing advanced discussions and correspondence between QatarEnergy, MOF, and the GTA, it is expected that the assessments will be withdrawn or resolved amicably between the involved parties.

34. Contingent liabilities and commitments (continued)

c. Purchase and supply commitments

(i) To purchase from the State of Qatar and AKG Marketing Company Limited, under a gas supply agreement dated 4 June 2006, certain quantities of gas per day over a period of 25 years.

(ii) To supply natural gas to Dolphin Energy Limited, for export to the UAE, on behalf of the State of Qatar, together with Dolphin Investment Company, TotalEnergies EP Dolphin Upstream Limited, and Oxy Dolphin E&P LLC, per year over a period of 25 years from 21 July 2007. QatarEnergy commitment is the share of the State of Qatar under the DPSA for Dolphin project.

(iii) To purchase from Pearl GTL Project North Field under an ethane sale and purchase agreement dated 22 November 2018, certain quantities of ethane per day.

(iv) To purchase from Dolphin Gas Project under an Ethane Sale and Purchase Agreement dated 11 March 2009 certain quantities of ethane per day.

(v) To purchase from the Barzan under a gas supply agreement dated 8 December 2011, certain quantities of gas per day over a period of 21 years from 21 February 2020.

(vi) To purchase from the State of Qatar and Pearl GTL Project North Field under a Sale and Purchase Amendment and Restated Agreement dated 13 June 2021 (Previously entered into a GTL Gas Oil Sale and Purchase Agreement dated 14 Jan 2014 subsequently amended on 4 Jan 2017)), certain quantities of GTL Gasoil until 30 Jun 2026.

35. Financial instruments

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise bank balances, trade and other receivables, due from related parties, loans to related parties, financial assets at fair value though profit or loss (FVTPL) including derivative financial assets and financial assets at fair value though other comprehensive income (FVOCI). Financial liabilities comprise interest bearing loans and bonds, foreign currency swaps, trade and other payables and derivative financial liabilities.

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

As at and for the year ended 31 December 2022 QR '000

35. Financial instruments (continued)

Classes and categories of financial instruments and their fair values

The following table combines information about fair value hierarchy levels of financial assets and financial liabilities which are measured at fair value.

31 December 2022	Valuation technique(s) and key input(s)	Carrying value					Fair value			
		Financial assets		Financial liabilities			Level			
		FVTPL	FVOCI	Fair value - hedging instruments	FVTPL	Total	1	2	3	Total
Investments in equity instruments – quoted	Quoted price in an active market	690,995	4,627,455	-	-	**5,318,450**	5,318,450	-	-	**5,318,450**
Investments in equity instruments – unquoted	Based on unobservable inputs	3,585	1,503	-	-	**5,088**	-	-	5,088	**5,088**
Investments in debt instruments – quoted	Quoted price in an active market	123,043	278,346	-	-	**401,389**	401,389	-	-	**401,389**
Investment in management funds – quoted	Quoted price in an active market	-	22,222	-	-	**22,222**	22,222	-	-	**22,222**
Derivative financial assets	Based on observable inputs, other than quoted prices	-	1,496	-	-	**1,496**	-	1,496	-	**1,496**
Derivative financial liabilities	Based on observable inputs, other than quoted prices	-	-	-	(134,858)	**(134,858)**	-	(134,858)	-	**(134,858)**
Foreign currency swap (i)	Based on observable market	-	-	-	-	-	-	-	-	-

As at and for the year ended 31 December 2022 QR '000

35. Financial instruments (continued)

Classes and categories of financial instruments and their fair values (continued)

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

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

Fair value of USD bonds is disclosed in Note 20 (b) (ii). The fair value of the remaining financial assets and liabilities, including bank balances, investment in unquoted debt instruments, trade and other receivables, due to and from related parties, loans to related parties and JPY bonds approximate to the carrying value as per the book of accounts as most of these items are either short-term in nature or repriced frequently.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements in 2022 and 2021.

As at and for the year ended 31 December 2022 QR '000

35. Financial instruments (continued)

Reconciliation of liabilities arising from financing activities

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	At 1 January 2022	**Financing cash flows**	**Non-cash changes**	**At 31 December 2022**
Interest bearing loans	**4,325,408**	**(37,035)**	**859**	**4,289,232**
JPY Bonds	**2,764,200**	**(2,334,100)**	**(430,100)**	**-**
USD Bonds	**45,312,067**	**-**	**14,999**	**45,327,066**
Foreign currency swap	**1,267,840**	**(1,570,001)**	**302,161**	**-**
Derivative financial liabilities	**1,045,281**	**-**	**(910,423)**	**134,858**
Lease liabilities	**2,232,085**	**(1,053,495)**	**4,611,593**	**5,790,183**

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

36. Financial risk and capital management

36.1 Financial risk management objectives

Treasury function of each entity in the Group provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, liquidity risk and insurance risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by QatarEnergy's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. There have been no changes in the objectives, policies and processes for managing and measuring risk from the previous year.

36.2 Market risk

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

Commodity price risk

Volatility in prices of oil and gas and refined products is a pervasive element of the Group's business environment as the Group's production and purchase of certain products and sales of refined products and crude oil are based on international commodity prices in accordance with a commercial supply agreement entered into with sales agents. The Group's refining margin is affected by disproportionate fluctuations in the prices of crude oil and refined products.

As at and for the year ended 31 December 2022 QR '000

36. Financial risk and capital management (continued)

36.2 Market risk (continued)

Commodity price risk (continued)

The Group is also exposed significantly to commodity price risk, which arises from the purchase and consumption of large volumes of raw materials in its normal course of business. Raw material prices are linked to an index, which is volatile and influenced by worldwide factors such as political events, supply and demand fundamentals.

The Group does not use any derivative instruments to manage commodity price risks. The Group' sensitivity to commodity prices has not changed significantly from the prior year.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Management is of the opinion that the Group's exposure to currency risk is not significant as most of its foreign currency transactions are in United States Dollar which is pegged to Qatari Riyal and its currency exposure on the bond issued in Japanese Yen is hedged through currency swap with United States Dollar. The details of the currency swap on the bonds issued are given in Note 20. Other material foreign currency financial instruments are given below:

	2022	2021
Financial assets: Cash bank balances in foreign currency		
Cash in banks:		
EURO	**202,417**	114,593
GBP	**406,119**	287,425
JPY	**1**	31
BRL	**44,787**	76,005
CAD	**122,100**	5,566
MXN	**11**	11
ZAR	**31,710**	33,404
	807,145	517,035

Foreign currency sensitivity analysis

A 10% strengthening / weakening of the Qatari Riyal against the above currencies as at reporting date would have decreased / increased profit or loss by an amount of QR 80.7 million (2021: QR 51.7 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

Cash flow hedge

Hedging instruments

	Notional amount		**Carrying amount of the hedging instrument**		**Change in fair value used for calculating hedge ineffectiveness**	
	2022	2021	**2022**	2021	**2022**	2021
Less than 1 year	**-**	3,904,101	**-**	2,764,200	**-**	1,139,901

Hedged items

	2022	2021
Nominal amount of the hedged item	**-**	3,904,101
Change in value used for calculating hedge ineffectiveness	**-**	1,139,901
Balance in cash flow hedge reserve for continuing hedges	**-**	(127,939)

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

36. Financial risk and capital management (continued)

36.2 Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates. These financial assets and liabilities with floating interest rates includes bank balances, loans and advances to related parties and interest-bearing loans which are mostly on floating rate basis.

Interest rate sensitivity analysis

For floating rate assets, the analysis is prepared assuming the amount of the assets held outstanding at the end of the reporting period was outstanding for the whole year. As at reporting date, if interest rates had been 10 basis point higher/lower with all other variables held constant, income for the year would have been QR 77.4 million (2021: QR 47.9 million) higher/lower, mainly as a result of higher/lower interest income on floating rate assets and liabilities.

Equity price risk

The Group's listed investments are susceptible to equity price risk arising from uncertainties about future values of the investments. The Group manages the equity price risk through diversification and placing limits on individual and total portfolio of equity instruments. Reports on the equity portfolio are submitted to QatarEnergy's senior management on a regular basis and results are reviewed by the Board of Directors of each Group entity.

As at the reporting date, the exposure to listed equity securities at fair value was QR 5,318 million (2021: QR 5,198 million) which includes both financial assets at FVOCI and financial assets at FVTPL. An increase or decrease of 10% on the Qatar Exchange (QE) index would have an impact of approximately QR 532 million (2021: QR 520 million) on the equity.

36.3 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The Group holds performance bonds and bank guarantees to mitigate its credit risk association with its financial assets. Further, the Group limits its exposure on export customers by taking out letters of credit.

In order to minimise credit risk, QatarEnergy has tasked its Credit Management Committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Credit Management Committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

As at and for the year ended 31 December 2022 QR '000

36. Financial risk and capital management (continued)

36.3 Credit risk (continued)

31 December 2022	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade and insurance receivables	Lifetime ECL	14,459,201	(510,248)	**13,948,953**
Lease receivable	Lifetime ECL	2,189,510	-	**2,189,510**
Due from related parties	Lifetime ECL	7,795,241	(66,665)	**7,728,576**
Loans and advances to related parties	Lifetime ECL	3,233,778	(1,550,937)	**1,682,841**
Loans to employees	12-month ECL	508,054	(43,003)	**465,051**
Investments in financial assets	Lifetime ECL	2,660,709	-	**2,660,709**
Amounts due from Government of Qatar	Lifetime ECL	60,497,928	-	**60,497,928**
Cash and bank balances	12-month ECL	94,197,515	(1,529)	**94,195,986**
Reinsurance contract assets	Lifetime ECL	1,091,277	-	**1,091,277**
Accrued interest	Lifetime ECL	259,524	(24,768)	**234,756**
Other receivables	Lifetime ECL	4,957,849	-	**4,957,849**
Derivative financial assets	Lifetime ECL	1,496	-	**1,496**
Contract assets	Lifetime ECL	1,157,427	(236)	**1,157,191**
Other non-current receivables	Lifetime ECL	13,104	(174)	**12,930**
		193,022,613	(2,197,560)	**190,825,053**

31 December 2021	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade and insurance receivables	Lifetime ECL	11,970,244	(484,324)	11,485,920
Lease receivable	Lifetime ECL	1,673,839	-	1,673,839
Due from related parties	Lifetime ECL	10,461,934	(81,250)	10,380,684
Loans and advances to related parties	Lifetime ECL	3,543,625	(2,562,033)	981,592
Loans to employees	12-month ECL	473,980	(43,003)	430,977
Investments in financial assets	Lifetime ECL	2,836,392	-	2,836,392
Amounts due from Government of Qatar	Lifetime ECL	48,056,749	-	48,056,749
Cash and bank balances	12-month ECL	78,240,286	(1,529)	78,238,757
Reinsurance contract assets	Lifetime ECL	757,382	-	757,382
Accrued interest	Lifetime ECL	154,496	(24,768)	129,728
Other receivables	Lifetime ECL	645,486	-	645,486
Derivative financial assets	Lifetime ECL	312,123	-	312,123
Contract assets	Lifetime ECL	1,099,885	(62)	1,099,823
Other non-current receivables	Lifetime ECL	13,112	-	13,112
		160,239,533	(3,196,969)	157,042,564

For trade receivables, lease receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

36.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at and for the year ended 31 December 2022 QR '000

36. Financial risk and capital management (continued)

36.4 Liquidity risk (continued)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Analysis of financial assets

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

31 December 2022

Financial assets	**Carrying amount**	**Cash inflows** Total	**Cash inflows** Less than 1 year	**Cash inflows** 1 to 5 years
Loans and advances to related parties	**1,682,841**	**1,682,841**	**392,819**	**1,290,022**
Due from related parties	**7,728,576**	**7,728,576**	**7,728,576**	**-**
Amounts due from Government of Qatar	**60,497,928**	**60,497,928**	**60,497,928**	**-**
Trade and other receivables *	**14,414,004**	**14,414,004**	**14,414,004**	**-**
Reinsurance contract assets	**1,091,277**	**1,091,277**	**1,091,277**	**-**
Investments in financial assets	**2,660,709**	**2,660,709**	**-**	**2,660,709**
Derivative financial assets	**1,496**	**1,496**	**1,496**	**-**
Accrued interest	**234,756**	**234,756**	**234,756**	**-**
Other receivables	**4,957,849**	**4,957,849**	**4,957,849**	**-**
Other non-current receivables	**12,930**	**12,930**	**-**	**12,930**
Bank balances	**94,195,986**	**94,195,986**	**94,195,986**	**-**
	187,478,352	**187,478,352**	**183,514,691**	**3,963,661**

** Includes trade and insurance receivables and loans to employees.*

31 December 2021

Financial assets	Carrying amount	Cash inflows Total	Cash inflows Less than 1 year	Cash inflows 1 to 5 years
Loans and advances to related parties	981,592	981,592	633,261	348,331
Due from related parties	10,380,684	10,380,684	10,380,684	-
Amounts due from Government of Qatar	48,056,749	48,056,749	48,056,749	-
Trade and other receivables *	11,916,897	11,916,897	11,916,897	-
Reinsurance contract assets	757,382	757,382	757,382	-
Investments in financial assets	2,780,791	2,780,791	-	2,780,791
Derivative financial assets	312,123	312,123	312,123	-
Accrued interest	129,728	129,728	129,728	-
Other receivables	645,486	645,486	645,486	-
Other non-current receivables	13,112	13,112	-	13,112
Bank balances	78,238,757	78,238,757	78,238,757	-
	154,213,301	154,213,301	151,071,067	3,142,234

** Includes trade and insurance receivables and loans to employees.*

As at and for the year ended 31 December 2022 QR '000

36. Financial risk and capital management (continued)

36.4 Liquidity risk (continued)

Analysis of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual repayment obligations:

31 December 2022

		Contractual cash outflows			
Financial liabilities	**Carrying amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
USD Bonds	**45,327,066**	**69,878,445**	**1,240,330**	**10,346,245**	**58,291,870**
JPY Bonds	**-**	**-**	**-**	**-**	**-**
Interest-bearing loans	**4,289,232**	**4,296,719**	**1,659,071**	**2,637,648**	**-**
Foreign currency swap	**-**	**-**	**-**	**-**	**-**
Derivative financial liabilities	**134,858**	**134,858**	**134,858**	**-**	**-**
Trade creditors	**6,939,998**	**6,939,998**	**6,939,998**	**-**	**-**
Due to related parties	**7,757,516**	**7,757,516**	**7,757,516**	**-**	**-**
Financial guarantees	**400,000**	**400,000**	**400,000**	**-**	**-**
Payable to reinsurers	**278,083**	**278,083**	**278,083**	**-**	**-**
Earn-out liability	**277,736**	**277,736**	**277,736**	**-**	**-**
Lease liabilities	**5,790,183**	**7,509,280**	**778,466**	**2,533,501**	**4,197,313**
	71,194,672	**97,472,635**	**19,466,058**	**15,517,394**	**62,489,183**

31 December 2021

		Contractual cash outflows			
Financial liabilities	Carrying amount	Total	Less than 1 year	1 to 5 years	More than 5 years
USD Bonds	45,312,067	71,124,055	1,245,610	10,421,320	59,457,125
JPY Bonds	2,764,200	2,895,995	2,895,995	-	-
Interest-bearing loans	4,325,408	4,332,854	633,954	3,698,900	-
Foreign currency swap	1,267,840	1,267,840	1,267,840	-	-
Derivative financial liabilities	1,045,281	1,045,281	1,045,281	-	-
Trade creditors	5,702,171	5,702,171	5,702,171	-	-
Due to related parties	6,571,983	6,571,983	6,571,983	-	-
Financial guarantees	400,000	400,000	400,000	-	-
Payable to reinsurers	204,597	204,597	204,597		
Lease liabilities	2,232,085	2,697,886	544,887	1,589,038	563,961
	69,825,632	96,242,662	20,512,318	15,709,258	60,021,086

36.5 Insurance risk

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

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly energy, fire and general accident, marine and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

36. Financial risk and capital management (continued)

36.5 Insurance risk (continued)

Fire and general accident - Property

Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts, the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Health

Health insurances are insurances against the risk of incurring medical expenses among individuals or the employees of corporate bodies. The strategy for the health class of business is to ensure that policies are written within the Group and by proper cession.

Reinsurance risk

In common with other insurance companies, in order to minimise financial exposure arising from large claims, the Group, through one of its subsidiaries, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurance insolvencies, the Group, through one of its subsidiaries, evaluate the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Concentration of risks

The Group's insurance risk relates to policies written in the State of Qatar only.

As at and for the year ended 31 December 2022 QR ‘000

36. Financial risk and capital management (continued)

36.5 Insurance risk (continued)

Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group, through one of its subsidiaries, is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks as at the reporting date. In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

Claims development

The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved with one year.

The Group does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation. A 10% change in the net claims incurred will have an increase/decrease of QR 20 million in profit or loss (2021: QR 32 million).

36.6 Capital management

QatarEnergy manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt comprising loans, bonds and lease liabilities which is offset by Cash and bank balances whilst the equity of QatarEnergy comprises contributed capital, general reserve, other reserves, retained earnings and non-controlling interest. The Group's management reviews the capital structure of the Group on an annual basis.

The gearing ratio at the end of the reporting period was as follows:

	2022	2021
Cash and bank balances (Note 15)	**94,195,986**	78,238,757
Less: debt	**(55,406,481)**	(54,633,760)
Net cash and bank balances	**38,789,505**	23,604,997
Total equity	**503,386,285**	435,913,877

The Group does not have a net debt situation as at 31 December 2022 and 31 December 2021.

As at and for the year ended 31 December 2022 QR '000

37. Acquisition of assets

QG1 Upstream and QG1 Downstream

The Group entered into an End of Term Agreement with other partners of QG1 Upstream (Joint operations until 31 December 2021) and shareholders of QG1 Downstream (Joint Venture until 31 December 2021), which is effective from 1 January 2022.

The Group has determined that acquired interest in QG1 Upstream and QG1 Downstream is not business as "License to operate the facilities" and "management agreement for the operation and maintenance of facilities" are expired on 31 December 2021 for QG1 Upstream and "License to operate the facilities" is expired for QG1 Downstream. Since these elements are integral for business to operate, management has determined that this acquisition does not result in a business combination. Accordingly, the Group has recognised the acquired assets and liabilities assumes at cost which is derived as proportionate to their fair values. Refer Note 4.1 (xviii).

Details of the assets acquired, liabilities assumed and purchase consideration in this acquisition as of 1 January 2022 are as follows. The acquisition did not result in any goodwill or bargain purchase gain:

Carrying values of assets acquired and liabilities assumed:

Assets acquired in QG1 Upstream	155,733
Assets acquired in QG1 Downstream	4,608,766
Liabilities assumed in QG1 Upstream	(100,795)
Liabilities assumed in QG1 Downstream	(4,108,093)
	555,611

Purchase consideration:

Cash consideration for acquisition of QG Upstream net assets	87,360
Consideration payable for acquisition of QG Downstream net assets	91,000
Carrying value of QG1 Downstream (previously recognised as investment in joint venture) (Note 8 (b) (v))	325,439
	503,799

As the purchase consideration is less than the net assets acquired, the difference of QR 51.81 million has been deducted from the carrying value of other assets. The assets acquired and liabilities assumed are as follows:

Property, plant and equipment	27,704
Right-of-use Assets	635,153
Cash and bank balances	1,836,122
Other assets	2,213,714
Lease liability	(635,153)
Decommissioning liability	(29,203)
Other liabilities	(3,544,538)
	503,799

In addition to the above, the Group has acquired interests in a number of oil and gas fields / blocks in various countries, which are presented as part of additions to property, plant and equipment and / or intangible assets as appropriate and are not disclosed separately.

As at and for the year ended 31 December 2022 QR '000

38. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

31 December 2022	Industries Qatar Q.P.S.C.	Gulf International Services Q.P.S.C.	Mesaieed Petrochemical Holding Company Q.P.S.C.	Qatar Aluminium Manufacturing Company Q.P.S.C.	Qatar Fuel Company Q.P.S.C.	Siraj Energy Q.P.S.C.	Intra-group eliminations	Total
NCI percentage	49.00%	90.00%	34.59%	49.00%	80.00%	49.00%		
Non-current assets	21,106,136	6,240,030	14,608,608	5,669,616	8,089,101	465,516		
Current assets	23,898,626	4,624,801	3,224,617	1,256,784	6,321,339	8,084		
Non-current liabilities	(761,224)	(2,804,714)	-	-	(221,576)	-		
Current liabilities	(2,223,990)	(4,494,632)	(423,773)	(103,223)	(4,876,256)	(15,790)		
Net assets	42,019,548	3,565,485	17,409,452	6,823,177	9,312,608	457,810		
Net assets attributable to NCI	20,589,579	3,208,937	6,021,233	3,343,357	7,450,086	224,327	**(2,992,351)**	**37,845,168**
Revenue	18,793,594	3,665,539	-	-	29,934,920	-		
Profit	8,815,364	290,050	1,767,148	919,086	1,101,358	(5,238)		
OCI	(44,260)	(46,967)	-	-	(135,848)	112,021		
Total comprehensive income	8,771,104	243,083	1,767,148	919,086	965,510	106,783		
Profit / (loss) allocated to NCI	4,319,528	261,045	611,186	450,352	881,086	(2,567)	**6,613**	**6,527,243**
OCI allocated to NCI	(21,687)	(42,270)			(108,678)	54,890	**3,017**	**(114,729)**
Cash flow from operating activities	7,009,483	827,617	7,026	(39,169)	1,999,352	(9,009)		
Cash flow from investing activities	4,188,627	(582,375)	2,571,761	495,520	683,018	(6,319)		
Cash flow from financing activities (dividends to NCI: QR 49 million)	(6,086,299)	(200,829)	(1,381,949)	(446,409)	(853,243)	-		
Effect of forex in cash	-	4,428	-	-	-	-		
Net increase /(decrease) in cash and cash equivalents	5,111,811	48,841	1,196,838	9,942	1,829,127	(15,328)		

QR '000

38. Non-controlling interests (continued)

31 December 2021	Industries Qatar Q.P.S.C.	Gulf International Services Q.P.S.C.	Mesaieed Petrochemical Holding Company Q.P.S.C.	Qatar Aluminium Manufacturing Company Q.P.S.C.	Qatar Fuel Company Q.P.S.C.	Siraj Energy Q.P.S.C.	Intra-group eliminations	Total
NCI percentage	49.00%	90.00%	34.57%	49.00%	80.00%	49.00%		
Non-current assets	21,284,412	6,371,332	14,894,115	5,214,525	8,437,744	78,973		
Current assets	21,023,289	3,548,060	2,525,602	1,231,923	4,870,358	281,527		
Non-current liabilities	(723,929)	(3,857,400)	-	-	(232,335)	-		
Current liabilities	(2,073,484)	(2,805,803)	(351,285)	(72,972)	(3,898,272)	(9,470)		
Net assets	39,510,288	3,256,189	17,068,432	6,373,476	9,177,495	351,030		
Net assets attributable to NCI	19,360,041	2,930,570	5,900,557	3,123,003	7,341,996	172,005	(2,978,577)	35,849,595
Revenue	14,169,123	3,091,050	-	-	19,531,496	-		
Profit	8,090,097	54,035	1,861,550	834,544	1,002,423	28,589		
OCI	3,862	(48,812)	-	-	117,912	31,124		
Total comprehensive income	8,093,959	5,223	1,861,550	834,544	1,120,335	59,713		
Profit / (loss) allocated to NCI	3,964,148	48,632	643,538	408,927	801,938	14,009	(74,362)	5,806,830
OCI allocated to NCI	1,892	(43,931)	-	-	94,330	15,251	11,827	79,369
Cash flow from operating activities	5,169,909	498,417	27,992	(18,325)	1,456,468	(125)		
Cash flow from investing activities	(297,550)	(300,771)	446,045	417,421	(1,080,087)	(130,941)		
Cash flow from financing activities (dividends to NCI: QR 49 million)	(2,074,439)	(296,467)	(502,527)	(195,304)	(552,218)	130,941		
Effect of forex in cash	-	11,521	-	-	-	-		
Net increase /(decrease) in cash and cash equivalents	2,797,920	(87,300)	(28,490)	203,792	(175,837)	(125)		

39. Operating segments

The Group is mainly engaged in exploration, production and sale of oil & gas products. More than 89% of the Group's revenue for the year ended 31 December 2022 is generated through a single segment i.e., exploration, production and sale of oil & gas products. Revenue from two major customers of the Group represents approximately 20% and 8% of the Group's total revenue for the year ended 31 December 2022. Further, 99% of the Group's revenues for the year ended 31 December 2022 and 92% of total assets as at 31 December 2022 are from the components based in the State of Qatar.

40. Dividend

During the year, QatarEnergy has distributed a dividend of QR 82,075 million for the financial year 2021 (2021: QR 42,688 million for the financial year 2020) based on the governing law.

41. Notes to consolidated statement of cash flows

During the year, other than the transactions disclosed in Note 37, the Group mainly entered into the following non-cash activities which are not reflected in the consolidated statement of cash flows:

- Transfer from property, plant and equipment amounting QR 1,296 million (2021: QR 4,033 million) to intangible assets (Note 5(a)(ii)).
- Transfer from property, plant and equipment amounting QR 13 million (2021: QR 11 million) to investment property (Note 5(a)(ii)).
- Transfer from non-current assets (project under development) amounting QR 4,068 million (2021: QR Nil) to property, plant and equipment (Note 5(a)(ii)).
- Transfer from other non-current assets (project under development) amounting to QR 25,567 million (2021: Nil) to investment in joint ventures (Note 10(b)).
- Transfer from accounts receivables and prepayments (advances) amounting to QR 682.97 million (2021: Nil) to investment in joint ventures (Note 14(f)).
- Transfer from non-current assets (project under development) amounting QR 416 million (2021: QR 361.9 million) to investment in joint ventures (Note 8(b)(viii)).
- Transfer from other current assets amounting to Nil (2021: QR 225 million) to other non-current assets (project under development).
- Recognition of additional right of use assets and lease liability amounting to QR 3,715 million (2021: QR 464 million) (Note 5(b) and 22).

42. Subsequent events

- As disclosed in Note 8(b)(vi), on 1 February 2023, conditions stipulated in the merger agreement of LR1 and LR2 are fulfilled, accordingly LR1 and LR2 have combined the businesses and their refinery operations. On this date, the JVA of LR2 is terminated and the legal existence of LR2 has ceased.
- As disclosed in Note 4.1(xvii), on 4 January 2023, Share Sale and Purchase Agreement ('SSPA') between the Group and TotalEnergies EP Qatar was approved by the Government of the State of Qatar and accordingly, the transfer of 25% ownership of the Group in QG5 was legally completed.
- During 2022, the Group entered into an agreement with Qatar Electricity and Water Company ('QEWC') to acquire 49% interest in Siraj Energy Q.P.S.C. ('Siraj') held by QEWC. Siraj is already a 51% owned subsidiary of the Group. This agreement is subject to regulatory approvals as of 31 December 2022 which were subsequently received on 22 March 2023 and agreement became effective on the same date.

42. Subsequent events (continued)

- The Board of Directors vide its resolution dated 16 April 2023 has approved a final dividend of QR 129,802 million from the profit for the year ended 31 December 2022.

Except for the above, there were no other subsequent events which have a bearing on the understanding of these consolidated financial statements.

43. Comparative figures

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform with the presentation and classification of the current year's consolidated financial statements. However, such reclassifications are not material and did not have an impact on the previously reported profit, other comprehensive income or the equity for the comparative year.