GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

AS AT AND FOR THE YEAR ENDED

31 DECEMBER 2019

GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf International Services Q.P.S.C (the 'Company'), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

KPMG, Qatar Branch is registered with the Ministry of Economy and Commerce, State of Qatar as a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

Report on the audit of the Consolidated Financial Statements (continued)

Key Audit Matters

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

Description of key audit matters	How the matter was addressed in our audit
Adoption of IFRS 16 'Leases' effective from 1 January 2019 We focused on this area because: IFRS 16 "Leases" which the Group implemented on 1 January 2019; • requires complex accounting treatments, including use of significant estimates such as lease terms and judgements for the determination of transition options and practical expedients; and • the transition of which, gave rise to a right of use asset of QR 68.659 million (Note 8) and an increase in lease liabilities of QR 72.934 million (Note 8) which are material to the consolidated financial statements. Accordingly, we have considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice; • Considering the appropriateness of the transition approach and practical expedients applied; • Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments; • Assessing the completeness of the IFRS 16 lease population by inspecting relevant contracts that may contain a lease and testing the lease payments; • Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments specifically around estimation of the lease terms and; • Evaluating the completeness, accuracy and relevance of the transition disclosures in line with IFRS 16.

Report on the audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Impairment of property and equipment – refer to note 6 of the consolidated financial statements. We focused on this area because: • The carrying value of the Group's drilling rig related assets and aircraft that are subject to impairment testing and included within "Property and equipment" as at 31 December 2019 is QR 6,071 million. This represents 56% of the Group's total assets, hence a material portion of the consolidated statement of financial position. • As a result of unstable oil prices and linkage of some of the contracts with the crude oil prices, there is increased likelihood of impairment of these assets. • There is increased complexity and involves significant judgment in forecasting future cash flows in the drilling and air craft industry due to the nature of its operations and prevailing market conditions, hence we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Understanding the Group's process of identifying indicators of impairment in drilling rig related assets and aircrafts; • Assessing the competence and capabilities of the staff in the Group who performed the technical assessment of recoverable amounts; • Involving our own valuation specialists to support us in challenging the recoverable amounts derived by the Group, in particular: - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in the impairment model including utilization of rig related assets and aircrafts, growth rates, operating margins, discount rate, etc. • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

Report on the audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
<u>Valuation of reinsurance contract liabilities</u> – refer to note 13 and 22 of the consolidated financial statements. We focused on this area because: • The Group's reinsurance contract liabilities represent 18% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned contributions. • The valuation of these insurance liabilities involves significant judgement regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ('IBNR') and unearned premium reserves ('UPR) involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter.	Our audit procedures in this area included, among others: • Testing the design and operating effectiveness of the key controls around reserving process, reported claims, unreported claims and unearned contribution; • Testing a sample of outstanding claims and related reinsurance recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; • Assessing the competence and capabilities of the management expert appointed by the Group; • Engaging our own an actuarial specialist to evaluate appropriateness of the methodology and the actuarial estimates of the management's expert, in particular: - Assessing and challenging the key reserving assumptions including loss ratios, frequency and severity of claims, and reasonableness of estimates made by the Group; and - Evaluating whether reserving was consistent in approach, with sufficient justification for changes in assumptions. • Evaluating the historical accuracy of the development of outstanding claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by management; and • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

Report on the audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Impairment of goodwill – refer to note 7 of the consolidated financial statements The Group has recognized goodwill in the amount of QR 303.56 million. The goodwill arises as a result of acquisitions of a Group's subsidiary which is a separate cash-generating unit (CGU) of the Group. The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecasted cash flow models. This model use several key assumptions, including estimates of projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: • Assessing the competence and capabilities of the staff within the Group who performed the impairment testing; • Involving our own valuation specialists to support us in challenging the recoverable amount derived by the Group, in particular: - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in impairment model including projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate) etc which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry; • Evaluating the adequacy of the consolidated financial statement disclosures including the disclosures of key assumptions and judgments.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report (the "Annual Report"), but does not include the Company's consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after the date of this auditor's report.

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

Report on the audit of the Consolidated Financial Statements (continued)

Other Information (continued)

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

Report on the audit of the Consolidated Financial Statements (continued)

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

- 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 the Board of Directors.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT - Gulf International Services Q.P.S.C. (continued)

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of the inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the applicable provisions of Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2019.

19 February 2020
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
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Auditors' License No. 120153

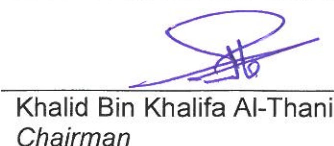
GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

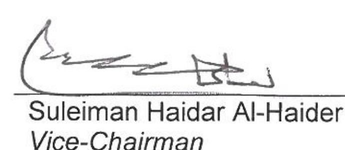
In thousands of Qatari Riyals

	Note	**2019**	2018
ASSETS			
Non-current assets			
Property and equipment	6	6,421,124	6,720,311
Goodwill	7	303,559	303,559
Right-of-use assets	8	68,659	-
Contract assets	25 (c)	7,381	9,290
Equity-accounted investees	9	5,235	880
Financial investments	10	288,316	226,390
Total non-current assets		7,094,274	7,260,430
Current assets			
Inventories	11	215,491	216,289
Contract assets	25 (c)	9,529	18,632
Due from related parties	24 (b)	501,237	477,269
Financial investments	10	342,220	289,414
Trade and other receivables	12	766,322	599,842
Reinsurance contract assets	13	929,964	592,566
Short term investments	14	229,382	244,521
Cash and bank balances	15	678,447	643,941
Total current assets		3,672,592	3,082,474
TOTAL ASSETS		**10,766,866**	10,342,904
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	1,858,409	1,858,409
Legal reserve	17	366,295	364,698
General reserve	18	74,516	74,516
Foreign currency translation reserve		(11,578)	(11,501)
Fair value reserve		(1,095)	(7,536)
Retained earnings		1,294,376	1,253,475
Total equity		3,580,923	3,532,061
LIABILITIES			
Non-current liabilities			
Lease liability	8	45,456	-
Loans and borrowings	19	3,862,016	4,061,868
Contract liabilities	25 (c)	5,741	15,664
Provision for decommissioning costs	20	41,598	41,598
Provision for employees' end of service benefits	21	91,281	80,217
Total non-current liabilities		4,046,092	4,199,347
Current liabilities			
Bank overdraft	15	8	1,408
Lease liability	8	27,478	-
Dividends payable	23	78,488	86,464
Loans and borrowings	19	825,212	934,697
Trade and other payables	22	841,857	579,358
Due to related parties	24 (c)	33,299	28,283
Reinsurance contract liabilities	13	1,317,242	944,262
Contract liabilities	25 (c)	16,267	37,024
Total current liabilities		3,139,851	2,611,496
Total liabilities		7,185,943	6,810,843
TOTAL EQUITY AND LIABILITIES		**10,766,866**	10,342,904

These consolidated financial statements were approved by the Company's Board of Directors and signed on its behalf by the following on 19 February 2020:



Khalid Bin Khalifa Al-Thani
Chairman



Suleiman Haidar Al-Haider
Vice-Chairman

The notes on pages 14 to 75 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 2019

In thousands of Qatari Riyals

	Note	**2019**	2018
Revenue	25	3,010,812	2,519,180
Direct costs	26	(2,604,708)	(2,115,216)
Gross profit		406,104	403,964
Other income	27	58,756	50,874
General and administrative expenses	29	(197,525)	(213,584)
Other expenses	28	(20,356)	(143,140)
Operating profit		246,979	98,114
Finance income		32,826	29,152
Finance cost		(236,922)	(225,347)
Net finance cost		(204,096)	(196,195)
Group's share of profit/ (loss) in equity-accounted investees, net of tax	9	705	(188)
Profit/ (loss) for the year		**43,588**	(98,269)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at Fair Value Through Other Comprehensive Income (FVTOCI) – change in fair value		6,441	(5,985)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation difference		(77)	(11,537)
Total other comprehensive income for the year		**6,364**	(17,522)
Total comprehensive income for the year		**49,952**	(115,791)
Earnings per share			
Basic and diluted earnings per share (expressed in QR per share)	30	**0.023**	(0.053)

The notes on pages 14 to 75 are an integral part of these consolidated financial statements.

GULF INTERNATIONAL SERVICES Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
2018							
Balance at 1 January 2018	1,858,409	359,410	74,516	36	(3,692)	1,389,884	3,678,563
Adjustment on initial application of IFRS 9	-	-	-	-	2,141	(6,945)	(4,804)
Adjustment on initial application of IFRS 15	-	-	-	-	-	(25,907)	(25,907)
Adjusted balance at 1 January 2018	1,858,409	359,410	74,516	36	(1,551)	1,357,032	3,647,852
Total comprehensive income:							
Loss for the year	-	-	-	-	-	(98,269)	(98,269)
Other comprehensive loss	-	-	-	(11,537)	(5,985)	-	(17,522)
Total comprehensive income for the year	-	-	-	(11,537)	(5,985)	(98,269)	(115,791)
Transfer to legal reserve	-	5,288	-	-	-	(5,288)	-
Balance at 31 December 2018	1,858,409	364,698	74,516	(11,501)	(7,536)	1,253,475	3,532,061
2019							
Balance at 1 January 2019	1,858,409	364,698	74,516	(11,501)	(7,536)	1,253,475	3,532,061
Total comprehensive income:							
Profit for the year	-	-	-	-	-	43,588	43,588
Other comprehensive (loss)/ income	-	-	-	(77)	6,441	-	6,364
Total comprehensive income for the year	-	-	-	(77)	6,441	43,588	49,952
Social fund contribution						(1,090)	(1,090)
Transfer to legal reserve		1,597				(1,597)	-
Balance at 31 December 2019	**1,858,409**	**366,295**	**74,516**	**(11,578)**	**(1,095)**	**1,294,376**	**3,580,923**

The notes on pages 14 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Qatari Riyals

	Note	**2019**	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) for the year		43,588	(98,269)
Adjustments for:			
Depreciation of property and equipment	6	434,350	489,062
Amortisation of right-of-use assets	8	26,423	
Amortisation of intangibles		-	1,112
Impairment of property and equipment	6.4	-	113,214
Provision for employees' end of service benefits	21	22,403	19,427
Loss on disposal of property and equipment		5,870	-
Write-off of property and equipment		8,545	36,768
Net movement of financial assets at fair value through profit or loss		(29,995)	(12,387)
Net gain from disposal of Financial investments		(7,892)	(9,006)
Amortisation of finance cost related to borrowings		6,530	7,205
Reversal of provision for decommissioning costs, net of provision	20	-	(27,253)
Provision for slow moving inventories, net of reversals	11	3,245	780
Impairment loss/ (reversal of impairment) on financial assets	12.2	1,179	(16,305)
Profit distribution from managed investment funds		(3,891)	(4,116)
Share of (profit)/ loss of joint venture		(705)	188
Impairment of investment in joint venture		-	221
Finance income		(32,826)	(29,152)
Finance costs		236,922	225,347
Dividend income		(4,332)	(4,370)
		709,414	692,466
Changes in:			
Inventories		21,018	(14,953)
Contract assets		11,012	(130)
Contract liabilities		(30,680)	(1,011)
Trade and insurance receivables, prepayments and due from related parties		(528,560)	43,767
Trade and insurance payables, accruals and due to related parties		640,452	(270,195)
Cash generated from operating activities		**822,656**	449,944
Employees' end of service benefits paid	21	(11,339)	(15,967)
Net cash generated from operating activities		**811,317**	433,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	(177,597)	(237,492)
Acquisition of financial investments		(236,771)	(187,582)
Net movement in term deposits with maturities in excess of three months		15,139	16,914
Interest received		32,826	24,137
Proceeds from disposal and maturity of financial assets		166,293	278,979
Proceeds from written off of property and equipment		2,918	487
Net movement in restricted bank balances		(147,373)	20,517
Net movement in cash at banks – restricted for dividend		7,976	8,882
Profit distribution from managed investment funds	27	3,891	4,116
Payment of lease liabilities	8	(26,829)	-
Dividend received	27	4,332	4,370
Investment in joint venture		(3,650)	(1,289)
Net cash used in investing activities		**(358,845)**	(67,961)

Continued on page 13

The notes on pages 14 to 75 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of Qatari Riyals

	Note	**2019**	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings	19	618,800	795,038
Repayment of loans and borrowings	19	(934,667)	(951,143)
Dividends paid	23	(7,976)	(8,882)
Finance cost paid		(232,249)	(217,438)
Net cash used in financing activities		**(556,092)**	(382,425)
Net decrease in cash and cash equivalents		**(103,620)**	(16,409)
Change in foreign currency reserve		216	(773)
Cash and cash equivalents at 1 January	15	542,005	559,187
Cash and cash equivalents at 31 December	15	**438,601**	542,005

The notes on pages 14 to 75 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

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

These consolidated financial statements comprise of the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in provision of drilling, aviation, insurance and reinsurance and catering services (refer Note 32).

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

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

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

			Percentage of holding	
Name of the Company	**Relationship**	**Country of incorporation**	**2019**	**2018**
Al Koot Insurance & Reinsurance Company P.J.S.C. (Al Koot)	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Limited. Q.P.S.C. (Amwaj)	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company Q.P.S.C. (GHC)	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited Q.P.S.C. (GDI)	Subsidiary	Qatar	100%	100%

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

			Percentage of holding	
Name of the Company	**Relationship**	**Country of incorporation**	**2019**	**2018**
United Helicharters Private Limited	Joint venture	India	62%	36%
Air Ocean Maroc	Joint venture	Morocco	49%	-
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
Al Maha Aviation Company	Subsidiary	Libya*	92%	92%
Redstar Havacilik Hizmetleri A.S.	Subsidiary	Turkey*	49%	49%
Gulf Helicopters Investment & Leasing Company	Subsidiary	Morocco	100%	100%

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

1. REPORTING ENTITY (CONTINUED)

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

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

b) Basis of measurement

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

c) Functional and presentational currency

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

d) Use of judgment and estimates

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

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

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

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

Depreciation of property and equipment
Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, technological or commercial obsolescence and impacts the annual depreciation charge recognized in the consolidated financial statements. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates. During the year 2019, the Company has reassessed the useful lives and residual values of its aircraft (Note 4b).

2. BASIS OF PREPARATION (CONTINUED)

d) Use of judgment and estimates (continued)

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

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

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

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

Provision for decommissioning
As part of the identification and measurement of assets and liabilities, the Group has recognised a provision for decommissioning obligations associated with a leased land buildings. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the assets from the site and the expected timing of those costs, further disclosed in Note 20.

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

d) Use of judgment and estimates (continued)

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to the accounting policy "Financial instruments" in Note 4f). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

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

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

Revenue from contracts with customers
Judgments have been applied to determine the performance obligations and recognize the revenue, when Group transfers control over a good or service to a customer, in determining the timing of the transfer of control – at a point in time or over time, further explained in note 4 and 25.

Provision for expected credit losses of financial assets
The Group uses a provision matrix to calculate Expected Credit Loss (ECLs) for its financial assets. The provision rates for trade receivables and accrued income are based on days past due for the Group's various customer segments that have similar loss pattern. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed

Provision for slow moving inventories
Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, amendments and interpretations effective from 1 January 2019

The following new standard which became effective as of 1 January 2019, is relevant to the Group:

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments in the consolidated statement of financial position. Lessor accounting remains similar to previous accounting policies.

The Group has applied the simplified transition approach of IFRS 16 by which comparative amounts are not restated. As a result, there were no adjustments to the Group's retained earnings on initial adoption of the new standard on 1 January 2019. The Group recognised right of use assets and lease liabilities in the consolidated statement of financial position, measured at the present value of the future lease payments on adoption (adjusted for any prepaid or accrued lease expenses).

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group leases many assets, including properties and equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and reward of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases - i.e. these are on balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-valued assets and short-term contacts (less than 12 months). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets and lease liability as a separate line item on the face of consolidated statement of financial position.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 New standards, amendments and interpretations effective from 1 January 2019 (continued)

IFRS 16 Leases (continued)

B. As a lessee (continued)

i. Significant accounting policies

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, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements 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 lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii. Transition

Previously, the Group classified property leases as operating leases under IAS 17. These include equipment, heliport facilities and properties. The leases typically run for a period of one year. Some leases include an option to renew the lease for an additional one years after the end of the non-cancellable period. Some leases include an option to renew the lease for additional years after the end of the initial term.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for cancellable leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 New standards, amendments and interpretations effective from 1 January 2019 (continued)

IFRS 16 Leases (continued)

C. As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Impact on financial statements

i. Impacts on transition

On transition to IFRS 16, the Group recognised right-of-use assets and lease liability. The impact on transition is summarised below:

	(In thousands of Qatari Riyals) **1 January 2019**
Right-of-use assets	113,910
Lease liability	113,910

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5.5%.

	(In thousands of Qatari Riyals) **1 January 2019**
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	95,788
Discounted using the incremental borrowing rate as at 1 January 2019	85,141
Finance lease liabilities recognised as at 31 December 2018	-
- Recognition exemption for leases of low-value assets	-
- Recognition exemption for leases with less than 12 months of lease term at transition	5,596
- Extension options reasonably certain to be exercised	23,173
Lease liabilities recognised at 1 January 2019	113,910

ii. Impacts for the year

As a result of initial application of IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised QR 69 million of right-of-use assets and QR 73 million of lease liabilities as at 31 December 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the year ended 31 December 2019, the Group recognised QR 26 million of depreciation charges and QR 5 million of finance costs from these leases. The comparative year ended 31 December 2018, the Group recognised QR 26 million of the operating lease expense.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard that are available for early adoption for financial years beginning after 1 January 2020 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2020	• *Amendments to references to conceptual framework in IFRS Standards*
Effective for year beginning 1 January 2021	• *IFRS 17 "Insurance Contracts"*
Effective date deferred indefinitely / available for optional adoption	• *Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture*

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

Business combinations

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

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

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

Subsidiaries

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

Loss of control

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

Interest in equity accounted investees

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

Transactions eliminated on consolidation

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

b) Property and equipment

Recognition and measurement

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

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

Subsequent expenditure

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

Depreciation

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

	Useful life in years
Buildings	4 - 20 years
Aircrafts*	17 - 20 years
Plant and machinery	2 - 7 years
Rigs	15 - 30 years
Other property and equipment:	
Ground and radio equipment and tools	4 - 6 years
Motor vehicles	4 - 5 years
Furniture, fixtures and office equipment	3 - 7 years
Computers	3 years

* In the previous year the useful life for the same class of asset was assessed as 5-10 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Property and equipment (continued)

Depreciation (continued)

Capitalised maintenance expenditures represent major overhaul and inspections costs to aircraft, engines and gearboxes. The expenditures are depreciated over the estimated flying hours based on the nature of the overhaul and type of aircraft.

Derecognition

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

Capital work in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use. Further, it also includes Intangible assets which are not ready for their intended use.

Impairment

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

Replacement cost

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

c) Intangible assets

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets (Continued)

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

d) Goodwill

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

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

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

e) Inventories

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – business model assessment:

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

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

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

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

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest:

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – subsequent measurement and gains and losses:

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 the consolidated statement of 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 the consolidated statement of 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 the consolidated statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of 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 the consolidated statement of profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

ii. Classification and subsequent measurement (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 the consolidated statement of profit or loss.

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

g) Impairment

i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI, if any; and
- contract assets, if any.

No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities, if any, that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment (continued)

i) Non-derivative financial assets (continued)

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

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

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

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

Write-off

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment (continued)

ii) Non-financial assets

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

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

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

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

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

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

h) Claims and expense recognition

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

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

Reinsurers' share of claims

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Reinsurance

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

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

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

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

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

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

j) Deferred acquisition costs (DAC)

DAC are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the consolidated statement of profit or loss, the deferred portion of the acquisition costs is included in the 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 the consolidated statement of profit or loss. DAC are included as a part of the liability adequacy test for each reporting period.

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

k) Cash and cash equivalents

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

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

l) Share capital

Ordinary shares issued by the Company are classified as equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Provisions

A provision is recognised when:

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

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

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

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

n) Employees' end of service benefits and pension entitlements

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

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

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

o) Revenue recognition

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

Information about the Group's accounting policies relating to contracts with customers is provided in Note 25.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Expenses recognition

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

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

q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see Note 32).

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

r) Foreign currency

Foreign currency transactions
Transactions in foreign currencies during the year are translated into the functional currency of the Group at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are recognized in consolidated statement of profit or loss. The Group does not have non-monetary assets and liabilities denominated in foreign currencies at the end of the reporting period.

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

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

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

s) Earnings per share

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Social fund contribution

Qatar Law no.13 of 2008 and the related clarifications issued in 2011 requires Qatari listed shareholding companies to pay 2.5% of its net profit to The Social Contribution Fund (Daam). In pursuant to this Law and further clarifications, the Group has made an appropriation amounting to QR 1,090 thousand during the year (31 December 2018: Nil).

u) Dividend distributions

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

v) Equity accounted investees

An equity-accounted investee can be an associate, an entity where the Group has significant influence, or a joint venture 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.

The results and assets and liabilities of the equity accounted investees are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an equity-accounted investee is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of an equity-accounted investee exceeds the Group's interest in that investee, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. If a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Group also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Income tax

Qatar Petroleum, Ministry of Finance and the General Tax Authority have reached an agreement through a Memorandum of Understanding ("hereby referred to as the MOU") that the share of profit attributable to certain companies listed on stock market and included in the MOU will be considered tax exempt. This entity is included in the MOU. Accordingly, for the purpose of accruing tax liability for financial year ended December 31, 2019, management has considered the share of profits attributable to listed companies, whether wholly or partly, and included in the above MOU as exempt. The mechanism for formalizing the tax exemption is expected in due course.

x) Leases

As disclosed in Note 3.1, the Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019 - Group as a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

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

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

5. FINANCIAL RISK MANAGEMENT

a) Financial risk management

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

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

i) Insurance risk

The principal risk the Company 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 Company is to ensure that sufficient reserves are available to cover these liabilities.

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

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Company underwrites mainly energy, fire and general accident, marine and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident - Property
Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Marine
Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Health
Health insurances is insurance against the risk of incurring medical expenses among individuals or the employees of corporate bodies. The strategy for the health class of business is to ensure that policies are written within the group and by proper cession.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

i) Insurance risk (continued)

Reinsurance risk
In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Company, 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 minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Concentration of risks
The Group's insurance risk relates to policies written in the State of Qatar only.

Sources of uncertainty in the estimation of future claim payments
Claims on general insurance contracts are payable on a claims-occurrence basis. The Company 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 policyholders 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 Company takes all reasonable steps to ensure that it has appropriate information regarding its claim's 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 of provision for IBNR, 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 Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

Claims development
The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Further information about the Group's exposure to insurance risk is provided in Note 33 (a).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Financial risk management (continued)

ii) Credit risk

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

Bank balances
The Group has balances with credit worthy and reputable banks in Qatar with high credit ratings. Therefore, management believes that credit risk in respect of these balances is minimal. Further information about the Group's exposure to credit risk is provided in Note 33 (b).

iii) Liquidity risk

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

Further, information about the Group's exposure to liquidity risk is provided in Note 33 (c).

iv) Market risk

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

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

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's interest rate risk on its assets arises from short-term fixed deposits that earn variable interest rates and expose the Group to cash flow interest rate risk. The Group's cash in bank current accounts earn no interest and expose the Group to some insignificant fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. Further information about the Group's exposure to market risk is provided in Note 33(d).

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Capital management

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

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

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, after fulfilling senior debt obligations, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2019.

	2019	2018
Total borrowings	4,687,228	4,996,565
Less: Cash and cash equivalents*	(829,455)	(800,625)
Net debt (i)	3,857,773	4,195,940
Total equity (ii)	3,580,923	3,532,061
Gearing ratio (i/ii)	**108%**	119%

* Cash and cash equivalents include restricted funds and short term investments.

(i) Total borrowings are defined as short and long term borrowings (loan and borrowings) as detailed in Note 19.

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

6. PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Rigs and machinery	Other property and equipment	Capital work-in- progress	Total
Cost:						
At 1 January 2018	90,826	158,760	9,458,566	580,235	256,293	10,544,680
Additions	-	6,332	110,994	10,099	110,067	237,492
Transfers	-	-	145,850	10,607	(156,457)	-
Disposals	-	-	(151)	(356)	-	(507)
Write-offs	-	(12,067)	(22,775)	(24,154)	(5,087)	(64,083)
Transfer to other assets (Note 6.2)	-	-	-	-	(85,979)	(85,979)
Foreign currency translation	-	-	(14,371)	(1,225)	(251)	(15,847)
At 31 December 2018/ 1 January 2019	90,826	153,025	9,678,113	575,206	118,586	10,615,756
Additions	-	16,235	126,966	32,650	1,746	177,597
Transfers	-	(128)	19,675	4,563	(24,110)	-
Disposals	-	(3,588)	(274,402)	(17,020)	-	(295,010)
Write-offs	-	-	(19,482)	(9,343)	(2,399)	(31,224)
Transfer to other assets (Note 6.2)	-	-	-	-	(23,465)	(23,465)
Foreign currency translation	-	-	(1,742)	487	1	(1,254)
At 31 December 2019	**90,826**	**165,544**	**9,529,128**	**586,543**	**70,359**	**10,442,400**
Accumulated depreciation and accumulated impairment losses:						
At 1 January 2018	-	80,078	2,851,780	393,061	-	3,324,919
Depreciation charge for the year (Note 6.3)	-	6,854	417,944	64,264	-	489,062
Disposals	-	-	(151)	(356)	-	(507)
Write-offs	-	(4,324)	(12,618)	(9,886)	-	(26,828)
Impairment loss (Note 6.4)	-	-	113,214	-	-	113,214
Foreign currency translation	-	-	(3,518)	(897)	-	(4,415)
At 31 December 2018/ 1 January 2019	-	82,608	3,366,651	446,186	-	3,895,445
Depreciation charge for the year (Note 6.3)	-	7,814	370,274	56,262	-	434,350
Disposals	-	(3,588)	(265,321)	(16,926)	-	(285,835)
Write-offs	-	-	(13,336)	(9,343)	-	(22,679)
Foreign currency translation	-	-	54	(59)	-	(5)
At 31 December 2019	**-**	**86,834**	**3,458,322**	**476,120**	**-**	**4,021,276**
Net book value:						
31 December 2019	**90,826**	**78,710**	**6,070,806**	**110,423**	**70,359**	**6,421,124**
31 December 2018	90,826	70,417	6,311,462	129,020	118,586	6,720,311

6. PROPERTY AND EQUIPMENT (CONTINUED)

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

6.2 The Group's lift boat, Rumailah, had a punch through while being positioned in the Al Shaheen field on 5 July 2015, the Group contracted Nakilat-Keppel Offshore & Marine to perform the repairs on the lift boat. The Group has accounted the cost of related repair as capital work in progress on the basis that they are covered under the insurance and during the year 2018, the Company has transferred USD 23.6 million (QR 85.9 million) from machinery and equipment to other receivables (Note 12) based on the confirmation received from the insurance company to settle that portion of the claim lodged. During the year 2019, the Group has received USD 16.4 million (QR 59.7 million) against this amount and management expects to receive the remaining USD 7.2 million (QR 26.2 million) in the year 2020.

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

	2019	2018
Direct costs	431,460	482,399
General and administrative expenses (Note 29)	2,890	6,663
	434,350	489,062

6.4 During the years 2018 and 2019, management has carried out an assessment of impairment of its rigs in light of the current economic conditions surrounding the oil prices and market rates of rigs in the country. The Group considers each of its drilling rig, lift boat and accommodation barges as individual CGU. Based on the assessment as at 31 December 2019, recoverable amount of each CGU was found to be more than its carrying value. Accordingly, no impairment has been recognised as at 31 December 2019.

Based on the assessment made in the year 2018, the management has impaired drilling rig Al Doha which had been off contract since January 2018 and was deemed to be unmarketable in its condition at that time by the Group. The recoverable amount of this asset was based on fair value less cost to sell which is determined on the basis of sale proceeds estimated by the management. The carrying amount of the asset was determined to be higher than its recoverable amount of USD 2,500,000 and an impairment loss of USD 26,308,174 during 2018 (2017: USD 3,000,000) was recognized. The impairment loss was included in 'Other expenses' in Note 28. This rig was disposed off in the year 2019.

6.5 One of the aircrafts (Bell 412) of the Group, with a carrying amount of QR 13.5 million as at 31 December 2018, was operating within the geographical boundaries of Kingdom of Saudi Arabia at the time of the blockade of State of Qatar by some of the GCC countries. The aircraft was operating with Saudi Aramco and was declared inaccessible to the Group subsequent to the blockade. During the year, the said aircraft has been transported back to Qatar.

6.6 During the period the Group conducted the operational efficiency review of the aircraft frames, which resulted in the changes in expected usage and useful lives of such aircraft, previously management has estimated the useful lives of all aircraft as 10 years with the residual value of 50%. The management is expecting to use Bell aircraft and Augusta aircraft 17 years and 20 years respectively from the original capitalization date. The residual values of Bell and Augusta aircraft are estimated as 10% and 25% respectively. The impact of change in accounting estimate is as below:

	2019	2020	2021	2022	Later
Increase in depreciation	11,655,505	18,486,089	22,780,597	24,854,709	316,153,662

6.7 Buildings has been constructed on a plot of land leased from Civil Aviation Authority carrying amount as at 31 December 2019 is QR 2.96 million.

7. GOODWILL

	2019	2018
Goodwill	**303,559**	303,559

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

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

	2019	2018
Description:		
Projection period	**5 years**	5 years
Terminal growth rate	**2%**	3%
Discount rate – pre-tax	**8.4%**	11.02%
Profit margins	**2.2% to 6.5%**	2.6% to 8.3%
Average revenue growth rate (over the projection period)	**8%**	10%

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

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

8. RIGHT-OF-USE ASSETS

This is the first set of the Group's consolidated financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 3. The details of Group's right-of-use assets is as follows:

	2019
Balance at 1 January	-
Impact of initial application of IFRS 16	113,910
Adjusted balance at 1 January	113,910
Amortisation charge for the year	(26,423)
Additions for the year	6,302
Adjustment	(25,130)
	68,659

8. RIGHT-OF-USE ASSETS (CONTINUED)

In relation to above right-of-use assets, the Group has recorded lease liability as below:

	2019
Balance at 1 January	-
Impact of initial application of IFRS 16	113,910
Adjusted balance at 1 January	113,910
Finance cost for the year	4,681
Rental paid during the year	(26,829)
Additions	6,302
Adjustment	(25,130)
	72,934

In relation to above right-of-use assets, the Group has recorded lease liabilities as below:

	2019
Current	27,478
Non-current	45,456
	72,934

9. EQUITY-ACCOUNTED INVESTEES

	2019	2018
Investment in joint ventures	**5,235**	880

The Group has investment in below joint ventures:

i. United Helicharters Private Limited
ii. Gulf Med Aviation Services Limited
iii. Air Ocean Maroc

United Helicharters Private Limited (UHPL):

UHPL is a joint venture in which the Group has joint control and a 62% (2018: 62%) beneficial ownership interest. UHPL is one of the Group's customer and is principally engaged in helicopter Services in India. UHPL is not publicly listed.

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

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

9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Gulf Med Aviation Services Limited (GASL):

GASL is a joint venture in which the Group has joint control and a 49% (2018: 49%) ownership interest. GASL is one of the Group's customer and is principally engaged in helicopter Services in Malta. GASL is not publicly listed.

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

Air Ocean Maroc (AOM):

AOM is a joint venture in which the Group has joint control and a 49% (2018: nil %) beneficial ownership interest through one of its subsidiary Gulf Helicopters Investment & Leasing Company. AOM is principally engaged in helicopter Services in Morocco. AOM is not publicly listed.

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

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

31 December 2019	**UHPL**	**GASL**	**AOM**	**Total**
Percentage ownership interest	62%	49%	49%	
Non-current assets	1,648	1,459	709	**3,816**
Current assets (including cash and cash equivalents)	6,195	9,795	11,579	**27,569**
Current liabilities (including current financial liabilities excluding trade and other payables)	(7,247)	(8,832)	(7,502)	**(23,581)**
Net Assets (100%)	596	2,422	4,786	**7,804**
Carrying amount of interest in joint venture	-	1,284	3,951	**5,235**
Additional Investment during year	-	-	3,650	**3,650**
Revenue	7,172	21,835	20,406	**49,413**
Expenses	(8,479)	(21,011)	(19,792)	**(49,282)**
(Loss)/ profit for the year and other comprehensive income	(1,307)	824	614	**131**
Group's share of profit and other comprehensive income	-	404	301	**705**
Carrying amount of the investment	-	1,284	3,951	**5,235**

9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

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

Reconciliation of carrying amounts:

31 December 2019

	UHPL	**GASL**	**AOM**	**Total**
Balance at 1 January	-	880	**-**	**880**
Additional investment made during the year	-	-	3,650	**3,650**
Profits for the year	-	404	301	**705**
Balance at 31 December	**-**	**1,284**	**3,951**	**5,235**

31 December 2018

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

10. FINANCIAL INVESTMENTS

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

	2019	2018
Investments measured at fair value through profit or loss		
- Held for trading debt securities (i)	245,953	208,171
- Quoted shares in Qatari public shareholding companies	96,265	94,448
	342,218	302,619
Investments measured at fair value through other comprehensive income		
- Quoted shares in Qatari public shareholding companies	19,698	13,205
- Quoted debt securities	209,020	133,770
- Quoted managed investment funds	59,597	62,543
- Unquoted shares	3	3
	288,318	209,521
Investments measured at amortised cost		
Quoted debt securities (ii)	-	3,665
Financial investments before Expected Credit Loss (ECL) provision	630,536	515,805
ECL provision in respect of debt securities measured at amortised cost	-	(1)
	630,536	515,804

Presented in the consolidated statement of financial position as:

	2019	2018
Current assets	342,220	289,414
Non-current assets	288,316	226,390
Total Financial investments	**630,536**	515,804

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

	2019	2018
Balance at 31 December / 1 January	1	-
Adjustment of initial application of IFRS 9	-	5
Balance at 1 January (adjusted)	1	5
Reversal during the year	(1)	(4)
Balance at 31 December	**-**	1

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

(ii) The market value of investments measured at amortised cost amounted to nil as of 31 December 2019 (31 December 2018: QR 3,792).

10. FINANCIAL INVESTMENTS (CONTINUED)

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

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 33 and 34 to these consolidated financial statements.

11. INVENTORIES

	2019	2018
Ancillary spares	267,735	254,735
Catering inventories	14,520	15,509
Good in transit	-	9,564
	282,255	279,808
Less: Provision for slow moving and obsolete inventory	(66,764)	(63,519)
	215,491	216,289

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

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

	2019	2018
Balance at 1 January	63,519	62,739
Provision during the year	3,338	1,506
Reversals during the year	(93)	(726)
Balance at 31 December	**66,764**	63,519

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

12. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade and insurance receivables	630,703	411,660
Accrued income	37,165	77,944
Advances	97	16,874
Prepayments	42,771	10,949
Deposits	1,999	2,688
Other receivables (Note 6.2)	90,968	118,981
	803,703	639,096
Less: ECL on trade and other receivables (Note 12.1)	(37,381)	(39,254)
	766,322	599,842

12.1 Movement in ECL of trade and other receivables is as follows:

	2019	2018
Balance at 31 December/ 1 January	39,254	39,663
Adjustment of initial application of IFRS 9	-	3,624
Balance at 1 January (adjusted)	39,254	43,287
Provision during the year	3,898	2,804
Reversal during the year	(1,489)	(6,478)
Write offs during the year	(4,282)	(359)
Balance at 31 December	**37,381**	39,254

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2019	2018
Financial investments (Note 10)	(1)	(4)
Short term investments (Note 14)	(907)	2
Cash and cash equivalents (Note 15)	87	2
Trade and other receivables (Note 12.1)	2,409	(3,674)
Due from related parties (Note 24b)	(409)	(12,631)
Total	**1,179**	(16,305)

13. REINSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2019			2018		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	QR	**QR**	**QR**	QR	QR	QR
At January 1,						
Reported claims	545,742	(406,915)	138,827	462,637	(257,386)	205,251
Unearned premiums	155,837	(74,615)	81,222	173,238	(46,658)	126,580
IBNR and other technical reserves	242,683	(111,036)	131,647	236,114	(87,565)	148,549
Total	944,262	(592,566)	351,696	871,989	(391,609)	480,380
Movements during the year						
Reported claims	302,130	(280,801)	21,329	83,105	(149,529)	(66,424)
Unearned premiums	58,553	(55,201)	3,352	(17,402)	(27,958)	(45,360)
IBNR and other technical reserves	12,297	(1,396)	10,901	6,570	(23,470)	(16,900)
Total	372,980	(337,398)	35,582	72,273	(200,957)	(128,684)
At December 31,						
Reported claims	847,872	(687,716)	160,156	545,742	(406,915)	138,827
Unearned premiums	214,390	(129,816)	84,574	155,836	(74,616)	81,220
IBNR and other technical reserves	254,980	(112,432)	142,548	242,684	(111,035)	131,649
Total	**1,317,242**	**(929,964)**	**387,278**	944,262	(592,566)	351,696

14. SHORT TERM INVESTMENTS

	2019	2018
Short term investments	**229,382**	244,521

As at 31 December 2019, the Group has a fixed deposit with a local commercial bank with original maturity up to one year which earn interest at 2.76% to 3% per annum (2018: 4% to 4.25% per annum). During the year, the Group earned interest income of QR 22.24 million (2018: QR 16.38 million).

Movement in ECL of short term investments is as follows:

	2019	2018
Balance at 31 December/ 1 January	1,135	-
Adjustment of initial application of IFRS 9	-	1,133
Balance at 1 January (Adjusted)	1,135	1,133
Provision during the year	(907)	2
Balance at 31 December	**228**	1,135

15. CASH AND CASH EQUIVALENTS

	2019	2018
Cash in hand	699	649
Cash at bank		
- Current account and call deposits	424,614	335,629
- Fixed and term deposits (1) & (2)	253,256	307,698
	678,569	643,976
ECL of cash and bank balances (IFRS 9)	(122)	(35)
Bank balances and cash as per consolidated statement of financial position	**678,447**	643,941
Less: Cash at banks – restricted funds (3)	(161,472)	(14,099)
Less: Cash at banks – restricted for dividend (Note 22)	(78,488)	(86,464)
Less: Bank overdraft (4)	(8)	(1,408)
Add back: ECL of cash and bank balances	122	35
	(239,846)	(101,936)
Cash and cash equivalents as per consolidated statement of cash flows	**438,601**	542,005

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

(2) As at 31 December 2019, these fixed deposits are held with local commercial banks with original maturity of up to one year or less which earn interest at 2.76% to 3% per annum (2018: 3.29% to 4.25% per annum).

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

(4) The Group's bank overdraft has a credit limit of QR 1.5 million and bears interest at EURIBOR plus 2.75% per annum (2018: EURIBOR plus 2.75%).

15. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	2019	2018
Balance at 31 December/ 1 January	35	-
Adjustment of initial application of IFRS 9	**-**	33
Balance at 1 January (Adjusted)	35	33
Provision during the year	87	2
Balance at 31 December	**122**	35

16. SHARE CAPITAL

	2019	2018
Issued and paid up capital	**1,858,409**	1,858,409

As per the instructions from the Qatar Financial Markets Authority, the Company's Annual General Assembly on 10 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorized shares from 200,000,000 to 2,000,000,000 and issued, subscribed and paid up shares from 185,840,869 to 1,858,408,690. The stock split was exercised on 27 June 2019. Consequently, weighted average number of shares outstanding has been retrospectively adjusted.

The Company has an authorised share capital of QR 2,000 million, divided into 1 special share of nominal value of QR 1 and 1,999,999,999 ordinary shares of each of nominal value of QR 1 each. As at period end the Company had issued and paid up capital of QR 1,858,409 thousand (2018: QR 1,858,409 thousand) which consists of 1 special share of nominal value of QR 1 and 1,858,408,689 ordinary shares each of nominal value of QR 1 (2018: 1 special share of nominal value of QR 10 and 185,840,868 ordinary shares each of nominal value of QR 10). The special share is owned by Qatar Petroleum and may not be cancelled or redeemed without the consent of the QP. Special share may be transferred only to the Government, any Government Corporation or any QP affiliate. QP exercises the control over the Company by virtue of holding the Special Share. All ordinary shares carry equal rights.

17. LEGAL RESERVE

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

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

18. GENERAL RESERVE

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

19. LOANS AND BORROWINGS

	2019	2018
Loan related to drilling segment (i)	4,439,577	4,528,186
Loan related to aviation segment (ii)	84,357	148,683
Other borrowings (iii)	180,267	343,200
	4,704,201	5,020,069
Less: Unamortised finance cost associated with raising finance	(16,973)	(23,504)
	4,687,228	4,996,565

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

	2019	2018
Islamic borrowings	2,097,065	2,682,316
Non-Islamic borrowings	2,590,163	2,314,249
	4,687,228	4,996,565

The movement of loans and borrowings were as follows:

	2019	2018
At 1 January	4,996,565	5,145,465
Borrowings obtained during the year	618,800	795,038
Repaid during the year	(934,667)	(951,143)
Movement in unamortized finance cost	6,530	7,205
At 31 December	**4,687,228**	4,996,565

Presented in the consolidated statement of financial position as follows:

	2019	2018
Non-current portion	3,862,016	4,061,868
Current portion	825,212	934,697
	4,687,228	4,996,565

(i) These borrowings are related to the Company’s subsidiary, Gulf Drilling International Q.P.S.C. (“GDI”). GDI have entered into various borrowing arrangements with different banks. All facilities bears interest rates varying between 3 months LIBOR plus 1.35% - 2.70% (2018: 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, in May 2017, the GDI entered into a Master Murabaha facility of US$ 925 million with a local Islamic Bank. The proceeds of the facility will be utilized on the GDI's general corporate purposes and the settlement or refinancing of the outstanding various loan facilities. The loan is unsecured and has an effective interest of LIBOR plus 2.70%, and repayable in lump sum upon maturity on 31 December 2023. GDI has drawn down from the facility US$ 533 million as of 31 December 2019.

(ii) These borrowings are related to the Company’s subsidiary, Gulf Helicopters Company Q.P.S.C. (“GHC”). GHC have entered into various borrowing arrangements with different banks. All facilities bears interest rates varying between 3 months LIBOR plus 1.35% - 2.75% (2018: LIBOR plus 1.35% - 2.75%). The loans are to be repaid in quarterly installments. The loans obtained are unsecured.

(iii) On 23 May 2012, the Company obtained a syndicated Murabaha facility of US$ 170 million from a consortium of lenders to finance the acquisition of Amwaj Catering Services Company Q.S.C. The effective profit rate is 6 months LIBOR plus 1.35% (2018: LIBOR plus 1.35%). The loan is repayable in 15 semi-annual installments starting from November 2012 and is unsecured. The loan is fully repaid in the current year.

On 20 April 2014, the Company obtained another syndicated Murabaha facility of US$ 80 million from a local Islamic Bank to finance the acquisition of the additional 30% shares of GDI. The effective profit rate is 6 months LIBOR plus 1.45% (2018: LIBOR plus 1.45%). The loan is repayable in 15 semi-annual instalments with the first instalment from April 2015 and is unsecured.

19. LOANS AND BORROWINGS (CONTINUED)

On 20 April 2014, the Company obtained another loan of US$ 80 million from a local commercial bank to further finance the acquisition of the additional 30% shares of GDI. The effective interest rate is 6 months LIBOR plus 1.45% (2018: LIBOR plus 1.45%). The loan is repayable in 14 semi-annual instalments with the first instalment started in April 2015 and is unsecured.

19. LOANS AND BORROWINGS (CONTINUED)

The maturity profiles of the loans are as follows:

As at 31 December 2019

	Nominal interest rate	**Year of maturity**	**1 year**	**1 – 5 years**	**5 years and above**	**Total**
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%)	2021-2023	707,381	1,287,209	2,444,987	4,439,577
Loans related to aviation segment	LIBOR+ (1.35% - 2.75%)	2019-2022	37,971	46,386	-	84,357
Other borrowings	LIBOR+ (1.35% - 1.45%)	2019-2021	80,427	99,840	-	180,267
			825,779	1,433,435	2,444,987	**4,704,201**

As at 31 December 2018

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

The Group's loans are denominated in US Dollars.

20. PROVISION FOR DECOMMISSIONING COSTS

	2019	2018
Balance at 1 January	41,598	68,851
Provision/ (reversals) made during the year	-	(27,253)
Balance at 31 December	**41,598**	41,598

Presented in the consolidated statement of financial position as follows:

	2019	2018
Non-current portion	41,598	41,598
Current portion	-	-
	41,598	41,598

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

The net provisions/ (reversal) during the prior year is reflected in direct costs.

21. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2019	2018
At 1 January	80,217	76,757
Provisions made during the year (1)	22,403	19,427
Payments made during the year	(11,339)	(15,967)
At 31 December	**91,281**	80,217

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

22. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	193,706	155,049
Accrued expenses	147,909	207,790
Reinsurance premiums payable	389,699	141,715
Advance reinsurance commissions received	13,941	17,080
Deposits and advances from customers	18,171	8,758
Accrued social fund contribution	1,090	-
Other payables	77,341	48,966
	841,857	579,358

23. DIVIDENDS PAYABLE

The Board of Directors has proposed no cash dividend for the year ended 31 December 2019.

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

	2019	2018
Balance at 1 January	86,464	95,346
Dividends paid during the year	(7,976)	(8,882)
Balance at 31 December	**78,488**	86,464

24. RELATED PARTIES

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

a) Transactions with related parties

Transaction with related parties during the year were as follows:

Name of the entity	**Relationship**	**2019**		2018	
		Revenue	**Expenses**	Revenue	Expenses
Qatar Petroleum	Parent Company	1,107,109	97,314	1,384,319	153,718
QatarGas Company Limited	Affiliate	400,376	-	50,758	-
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	53,509	63,874	24,842	52,728
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	19,146	63	19,454	226
Qatar Fertiliser Company (QAFCO)	Affiliate	13,327	80	14,891	98
Oryx GTL Limited	Affiliate	14,316	-	10,146	-
Qatar Chemical Company	Affiliate	-	-	7,076	-
Seef Limited	Affiliate	1,298		4,986	-
Qatar Aluminium	Affiliate	-	-	944	-
QatarGas Operating Company Limited	Affiliate	-	-	92	-
Rasgas Company Limited	Affiliate	67,317	13,555	-	-
Others	Affiliates	69,926	3,350	260,557	2,500
		1,746,324	178,236	1,778,065	209,270

24. RELATED PARTIES (CONTINUED)

b) Due from related parties

Name of the entity	Relationship	2019	2018
Qatar Petroleum	Parent Company	250,928	309,322
Qatargas Company Limited	Affiliate	17,938	121,928
Oryx GTL Limited	Affiliate	12,829	10,463
Qatargas Operating Company Limited	Affiliate	132,654	10,452
Qatar Engineering Consultancy Company (ASTAD)	Affiliate	-	6,735
United Helicharters Private Limited	Affiliate	13,729	-
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	12,874	5,187
Seef Limited	Affiliate	-	4,251
Qatar Chemical Company	Affiliate	-	2,283
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	1,683	1,785
Qatar Fertiliser Company (QAFCO)	Affiliate	1,256	835
Ras Laffan Olefins Limited	Affiliate	301	472
Qatar Aluminium	Affiliate	-	108
Gasal Limited	Affiliate	89	47
Others	Affiliates	73,217	20,071
		517,498	493,939
Provision for ECL of financial assets		(16,261)	(16,670)
		501,237	477,269

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

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

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

	2019	2018
Balance at 1 January	16,670	29,292
Adjustment of initial application of IFRS 9	-	9
Balance at 1 January (Adjusted)	16,670	29,301
Provision during the year	342	641
Reversal during the year	(751)	(13,272)
Balance at 31 December	**16,261**	16,670

24. RELATED PARTIES (CONTINUED)

c) Due to related parties

Name of the entity	Relationship	2019	2018
Qatar Petroleum	Parent Company	24,922	19,231
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	3,525	4,255
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	-	29
Others (1)	Affiliates	4,852	4,768
		33,299	28,283

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

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

d) Remuneration of key management personnel

	2019	2018
Board remuneration and allowances	**5,716**	7,282
Other key management personnel	**32,070**	35,723

25. REVENUE

A. Revenue streams

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

	2019	2018
Revenue from contracts with customers (1)	2,180,867	2,086,118
Revenue from insurance contracts (2)	829,945	433,062
	3,010,812	2,519,180

1 Revenue from contracts with customers

B. Disaggregation of revenue from contracts with customers

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

25. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

B. Disaggregation of revenue from contracts with customers

Major products/ service lines	**2019**	2018
Revenue from drilling and ancillary services		
- Drilling and ancillary services	1,164,210	1,141,773
Revenue from aviation services		
- Aviation revenues	537,331	495,989
- Maintenance and Repair Operation revenue	46,577	43,209
- Training revenue	2,133	2,323
	586,041	541,521
Revenue from catering and related services		
- Catering services	227,225	191,937
- Manpower services	143,333	150,678
- Accommodation and housekeeping services	28,452	30,262
- Function and events revenue	8,401	8,170
- Other revenues	23,205	21,777
	430,616	402,824
	2,180,867	2,086,118

Timing of revenue recognition	**2019**	2018
Products and services transferred at a point in time	109,669	83,032
Products and services transferred over time	2,071,198	2,003,086
Revenue from contracts with customers	**2,180,867**	2,086,118

C. Contract balances

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

	2019	2018
Receivables, which are included in ‘trade and other receivables’	**250,222**	304,647
Receivables, which are included in due from related parties	**454,863**	443,176
Contract assets (i)	**16,910**	27,922
Contract liabilities (ii)	**(22,008)**	(52,688)

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

25. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

C. Contract balances (continued)

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

	2019	2018
Current asset	9,529	18,632
Non-current asset	7,381	9,290
	16,910	27,922

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

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

	2019	2018
Current liability	16,267	37,024
Non-current liability	5,741	15,664
	22,008	52,688

25. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

D. Performance obligations and revenue recognition policies

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

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

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

25. REVENUE (CONTINUED)

1 Revenue from contracts with customers (continued)

D. Performance obligations and revenue recognition policies

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition under IFRS 15
Drilling and related services	Customers generally contract for a comprehensive agreement to provide integrated services to operate a rig and drill a well. The Group is seen by the operators as the overseer of all services and are compensating the Group to provide that entire suite of services. In identifying performance obligations, IFRS 15 series guidance states that a contract may contain a single performance obligation composed of a series of distinct goods or services if: a) each distinct good or service is substantially the same and would meet the criteria to be a performance obligation satisfied over time; and b) each distinct good or service is measured using the same method as it relates to the satisfaction of the overall performance obligation.	The Group determined that the delivery of day rate drilling services is within the scope of the series guidance as both criteria are met: - each distinct increment of service (i.e. hour available to drill) that the Group promises to transfer represents a performance obligation that would meet the criteria for recognizing revenue over time; and - the Group would use the same method for measuring progress toward satisfaction of the performance obligation for each distinct increment of service in the series. Consideration for activities that are not distinct within the scope of contracts, such as mobilization, demobilization and upgrade/modification, and do not align with a distinct time increment within the contract term are allocated across the single performance obligation and are recognized over the expected recognition period in proportion to the passage of each hour available to drill. Consideration for activities which align with a distinct time increment within the contract term is recognized in the period when the services are performed. Drilling services are consumed as the services are performed and generally enhance a well site which the customer controls. Work performed on a well site does not create an asset with an alternative use to the contractor since the well/asset being worked on is owned by the customer. Therefore, the Group’s measure of progress for a drilling contract is hours available to drill over the contracted duration. This unit of measure is representative of an output method as described in IFRS 15.

25. REVENUE (CONTINUED)

2 Revenue from insurance contracts

	2019	2018
Gross insurance revenue	**829,945**	433,062

The details of gross insurance is as follows:

	2019	2018
Gross premium (i)	890,788	402,170
Movement in unearned premium, gross (i)	(58,553)	17,402
Net commission income	(2,290)	13,490
Gross insurance revenue	**829,945**	433,062

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

31 December 2019	**Gross**	**Re insurance**	**Net**
Written premiums	890,788	(486,680)	404,108
Change in unearned premiums	(58,553)	55,201	(3,352)
	832,235	**(431,479)**	**400,756**

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

The accounting policy related to revenue recognition has been disclosed in Note 4(h-j).

26. DIRECT COSTS

	2019	2018
Direct costs of drilling and ancillary services	973,952	970,959
Direct costs of catering and related services	400,481	401,289
Gross insurance expense (Note 26.1)	815,518	379,588
Direct costs of aviation and related services	414,757	363,380
	2,604,708	2,115,216

26.1 Gross insurance expense

	2019	2018
Reinsurance cession	483,349	226,166
Movement in unearned premium, reinsurance	(55,201)	(27,958)
Net claims incurred (Note 26.2)	375,265	173,678
Brokerage cost	12,105	7,702
	815,518	379,588

26.2 The details of net claim incurred are as follows:

31 December 2019	**Gross**	**Reinsurance**	**Net**
Claims settled	609,832	(266,796)	343,036
Outstanding claims adjustment	302,130	(280,801)	21,329
Incurred but not reported (IBNR)	12,297	(1,397)	10,900
	924,259	(548,994)	375,265

26. DIRECT COSTS (CONTINUED)

26.2 The details of net claim incurred (continued)

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

27. OTHER INCOME

	2019	2018
Service fees	-	13,500
Equity investments at FVTPL – net change in fair value	29,995	12,387
Gain on disposal of Financial investments	7,892	9,006
Dividend income	4,332	4,370
Profit distribution from managed investment funds	3,891	4,116
Miscellaneous income	12,646	7,495
	58,756	50,874

28. OTHER EXPENSE, NET

	2019	2018
Impairment of property and equipment (Note 6.4)	-	113,214
Loss on write off of property and equipment	6,144	36,768
Impairment of investment in joint venture (Note 9)	-	221
Impairment loss/ (reversal of impairment) on financial assets (Note 12.2)	1,179	(16,305)
Miscellaneous expense	13,033	9,242
	20,356	143,140

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Salaries and other benefits	133,498	133,063
Rent expenses	2,418	16,306
Legal and professional fees	11,157	12,646
Qatar Petroleum annual fee	6,215	9,738
Board remuneration and allowances	5,716	7,242
Depreciation (Note 6.3)	2,890	6,663
Amortization of right of use asset	800	-
Provision for income tax from foreign operations	4,170	5,360
Communication expenses	6,099	4,197
Secondment fee	-	4,108
Travel expenses	2,914	2,148
Printing and stationery expenses	1,106	2,124
Public relations and advertisement expense	1,188	1,731
Repairs and maintenance expenses	2,912	1,644
Investment management fees	3,858	700
Management and administration costs	4,809	2,232
Qatar Exchange fees and QCSD	1,010	1,009
Miscellaneous expenses	6,765	2,673
	197,525	213,584

30. EARNINGS PER SHARE

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

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

	2019	2018
Profit/ (loss) for the year (QR)	**43,588**	(98,269)
Weighted average number of ordinary shares outstanding during the year (in shares) (Note 16)	**1,858,408,690**	1,858,408,690
Basic and diluted earnings per share (expressed in QR per share)	**0.023**	(0.053)

The Earnings per share for the comparative period has been restated to reflect the share split as disclosed in Note 16.

31. CONTINGENCIES AND COMMITMENTS

a) Contingencies

	2019	2018
Contingent liabilities:		
Guarantees against performance bonds	**364,429**	320,413
Claim under dispute	**3,376**	4,874
Group's share in contingency of joint ventures (Note 31(b)(1))	**4,004**	4,687

b) Commitments

	2019	2018
Commitments:		
Capital commitments	**11,806**	11,921

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

Commitments under operating lease

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

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

	2019	2018
Not later than 1 year	-	25,786
Later than 1 year and not longer than 5 years	-	65,041
Later than 5 years	-	4,961
	-	95,788

32. OPERATING SEGMENTS

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

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

For the year ended and as at 31 December 2019	**Insurance**	**Aviation**	**Catering**	**Drilling**	**Total**
Segment revenue	833,278	586,040	470,172	1,164,210	3,053,701
Inter-segment revenue	(3,333)	-	(39,556)	-	(42,889)
External revenue (Note 32.1)	**829,945**	**586,040**	**430,616**	**1,164,210**	**3,010,812**
Segment profit/ (loss) before tax	15,970	142,933	12,248	(101,810)	69,341
Finance income	17,720	4,446	3,145	383	25,694
Finance cost	-	(6,089)	-	(219,465)	(225,554)
Depreciation and amortisation	939	91,189	29,010	328,278	449,416
Share of loss from equity accounted investees	-	705	-	-	705
Other material non-cash items:					
- Reversal of impairment losses on financial assets	(2,522)	1,343	-	-	(1,179)
Segment assets	2,387,306	1,563,280	346,491	5,920,551	10,217,628
Equity accounted investees	-	5,235	-	-	5,235
Capital expenditure	18,793	20,391	6,660	131,754	177,598
Segment liabilities	1,752,914	282,727	225,215	4,665,952	6,926,808

In thousands of Qatari Riyals

32. OPERATING SEGMENTS (CONTINUED)

For the year ended and as at 31 December 2018	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	443,266	541,521	439,643	1,141,773	2,566,203
Inter-segment revenue	(10,204)	-	(36,819)	-	(47,023)
External revenue (Note 32.1)	433,062	541,521	402,824	1,141,773	2,519,180
Segment profit/ (loss) before tax	52,894	140,665	24,344	(263,682)	(45,779)
Finance income	16,376	3,338	2,494	221	22,429
Finance cost	-	(6,150)	-	(203,113)	(209,263)
Depreciation and amortisation	(1,185)	(99,263)	(13,137)	(363,379)	(476,964)
Share of loss from equity accounted investees	-	(188)	-	-	(188)
Other material non-cash items:					
- Impairment losses of financial assets	(258)	5,078	11,485	-	16,305
- Impairment of non-financial assets	-	-	-	(95,762)	(95,762)
- Reversal of provision for decommissioning costs	-	-	27,253	-	27,253
Segment assets	1,748,021	1,558,091	303,364	6,173,186	9,782,662
Equity accounted investees	-	880	-	-	880
Capital expenditure	7,043	70,551	4,514	155,384	237,492
Segment liabilities	1,139,438	290,397	151,372	4,798,770	6,379,977

32. OPERATING SEGMENTS (CONTINUED)

32.1 Reconciliation of reportable segments revenue

	2019	2018
Total revenue for reportable segments	3,053,701	2,566,203
Elimination of inter segment revenue	(42,889)	(47,023)
Consolidated revenue	**3,010,812**	2,519,180

32.2 Reconciliation of reportable segments direct cost

	2019	2018
Total direct costs for reportable segments	2,636,234	2,149,029
Elimination of inter segment direct costs	(42,889)	(47,023)
Depreciation associated to purchase price allocation	11,363	13,210
Consolidated direct costs	**2,604,708**	2,115,216

32.3 Reconciliation of reportable segments profit or loss

	2019	2018
Total (loss) / profit for reportable segments	69,341	(45,779)
Other unallocated profits or loss (Profits or loss of parent Company)	147,257	213,025
Elimination of dividends from subsidiaries to Parent Company	(161,641)	(234,857)
Depreciation and impairment associated to purchase price allocation	(11,369)	(30,658)
Consolidated profit/ (loss) for the year	**43,588**	(98,269)

32.4 Reconciliation of reportable segments total assets

	2019	2018
Total assets for reportable segments	10,217,628	9,782,662
Other un-allocable assets	2,716,207	2,762,800
Elimination of investments in subsidiaries	(2,574,398)	(2,574,398)
Assets relating to purchase price allocation	117,344	128,709
Asset relating to Goodwill	303,559	303,559
Elimination of inter-segments assets	(13,474)	(60,428)
Consolidated total assets	**10,766,866**	10,342,904

32.5 Reconciliation of reportable segments cash and bank balances

	2019	2018
Cash and bank balances for reportable segments	594,451	469,941
Other un-allocable assets	83,996	174,000
Consolidated cash and bank balances	**678,447**	643,941

32. OPERATING SEGMENTS (CONTINUED)

32.6 Reconciliation of reportable segments total liabilities

	2019	2018
Total liabilities for reportable segments	6,926,808	6,379,977
Other un-allocable liabilities	298,534	491,294
Elimination of inter-segments liabilities	(39,399)	(60,428)
Consolidated total liabilities	**7,185,943**	6,810,843

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss or total assets or total liabilities since 31 December 2018.

33. FINANCIAL RISK MANAGEMENT

(a) Insurance risk

The Group does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation. A 10% change in the general insurance claims provision will have a decrease of QR. 37.53 million on the consolidated statement of profit or loss (2018: QR 17.36 million).

(b) Credit risk

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

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

The table below summarizes the exposure to credit risk:

	2019	2018
Bank balances (including time deposits)	677,870	643,327
Financial investments (Note 10)	630,536	515,805
Trade and other receivables (Note 12)	667,868	489,604
Due from related parties (Note 24 b)	517,498	493,939
Insurance contract receivables* (Note 13)	929,964	592,566
Short term investments (Note 14)	229,610	245,656
Others	537,041	121,669
	4,190,387	3,102,566

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

Trade receivables

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

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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

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

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

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

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

The Group has made specific provision of QR 16.125 million (2018: QR 23.939 million) during the year and weighted average loss rate range between 1.7% to 15%.

Due from related parties
Management periodically reviews the expected credit loss of its receivables from related parties and provides for any amounts whose collection is no longer probable and writes-off any amounts whose recovery is unlikely.

Bank balances (including short term investments)
The Group held cash and bank balances of QR 677,870 at 31 December 2019 (2018: QR 643,327) and short term investments of QR 229,610 (2018: QR 245,656). These bank balance and short term investments are held with banks, which have good accredited credit ratings from independent international rating agencies.

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

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

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

Insurance contract receivables
The maximum exposure to credit risk for insurance and reinsurance related receivables at the reporting date was equal to the receivables amount disclosed in the consolidated statement of financial position. The Group seeks to limit its credit risk in respect of insurance contract receivables by monitoring outstanding receivables. The Group only insures properties or interests of Qatar Petroleum Company. As such, the premiums and receivables comprise mainly of the single customer Qatar Petroleum Company. On the other hand, three reinsurer companies account for 57% (2018: 45%) of the reinsurance contract receivables as at 31 December 2019.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

	Carrying amount	Contractual cash flows	1 – 12 months	1 – 3 years	More than 3 years
At 31 December 2019					
Loans and borrowings	4,687,228	(4,728,040)	(835,800)	(1,447,252)	(2,444,988)
Reinsurance contract liabilities	1,317,242	(1,317,242)	(1,317,242)	-	-
Trade payables, accruals and other payables	420,046	(420,046)	(420,046)	-	-
Reinsurance premium payable	389,699	(389,699)	(389,699)	-	-
Dividends payable	78,488	(78,488)	(78,488)	-	-
Due to related parties	33,299	(33,299)	(33,299)	-	-
Bank overdraft	8	(8)	(8)	-	-
	6,926,010	(6,966,822)	(3,074,582)	(1,447,252)	(2,444,988)

	Carrying amount	Contractual cash flows	1 – 12 months	1 – 3 years	More than 3 years
At 31 December 2018					
Loans and borrowings	5,020,069	(5,821,680)	(1,159,229)	(2,722,238)	(1,940,213)
Reinsurance contract liabilities	944,262	(944,262)	(944,262)	-	-
Trade payables, accruals and other payables	411,805	(411,805)	(411,805)	-	-
Reinsurance premium payable	141,715	(141,715)	(141,715)	-	-
Dividends payable	86,464	(86,464)	(86,464)	-	-
Due to related parties	28,283	(28,283)	(28,283)	-	-
Bank overdraft	1,408	(1,408)	(1,408)	-	-
	6,634,006	(7,435,617)	(2,773,166)	(2,722,238)	(1,940,213)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(d) Market risk

(i) Interest rate risk

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

Exposure to interest rate risk:

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

	2019	2018
Fixed rate instruments		
Financial assets	**482,866**	553,354
Variable rate instruments		
Financial liabilities	**4,704,201**	5,021,477

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A reasonably change of 100 basis points in interest rates at the reporting date would have increased or decreased profit or loss by QR 47,042 (2018: QR 50,214). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(ii) Equity price risk

The Group is exposed to equity price risk, which arises from equity securities at FVOCI or FVTPL (2018: FVTPL and FVOCI). The Group has investment in shares which are listed on Qatar Stock Exchange and classified as FVOCI and FVTPL.

	2019	2018
Financial investment at FVTPL	**342,220**	302,619
Financial investment at FVOCI	**288,316**	209,521

Sensitivity analysis – Equity price risk

A 10% increase / decrease in the market price of the securities held at FVTPL at the reporting date would have increased / decreased equity by QR 34,222 (2018: QR 30,262). A 10% increase/ decrease in the market price of the structured investments and securities held at FVOCI at the reporting date would have increased / decreased equity by QR 28,832 (2018: QR 20,952).

(iii) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily Qatari Riyal. The currencies in which these transactions are primarily denominated are US Dollar, Euro and British Sterling Pound. The transactions of the Group in the US Dollar bear no foreign currency risk as the US Dollar is pegged with the Qatari Riyal. With respect to Euro and British Sterling Pound, management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

34. FINANCIAL INSTRUMENTS AT FAIR VALUE

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

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

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

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

34. FINANCIAL INSTRUMENTS AT FAIR VALUE (CONTINUED)

31 December 2019	Fair value through profit or loss	Loans and receivables	Fair value through OCI	Others amortized cost/ other financial liabilities	Total carrying value	Fair Value
Assets						
Cash and bank balances	-	-	-	678,447	678,447	678,447
Short term investments	-	-	-	229,382	229,382	229,382
Trade and other receivables	-	-	-	723,454	723,454	723,454
Reinsurance share of outstanding claims	-	-	-	929,964	929,964	929,964
Due from related parties	-	-	-	501,237	501,237	501,237
Financial investment	342,220	-	288,316	-	630,536	630,536
	342,220	**-**	**288,316**	**3,062,484**	**3,693,020**	**3,693,020**
Liabilities						
Loans and borrowings	-	-	-	4,687,228	4,687,228	4,687,228
Due to related parties	-	-	-	33,299	33,299	33,299
Trade payables, accruals and other liabilities	-	-	-	420,046	420,046	420,046
Reinsurance contract liabilities	-	-	-	1,317,242	1,317,242	1,317,242
Reinsurance premium payable	-	-	-	389,699	389,699	389,699
Dividend payable	-	-	-	78,488	78,488	78,488
Bank overdraft	-	-	-	8	8	8
	-	**-**	**-**	**6,926,010**	**6,926,010**	**6,926,010**

34. FINANCIAL INSTRUMENTS AT FAIR VALUE (CONTINUED)

31 December 2018	Fair value through profit or loss	Loans and receivables	Fair value through OCI	Others amortized cost/ other financial liabilities	Total carrying value	Fair Value
Assets						
Cash and bank balances	-	-	-	643,941	643,941	643,941
Short term investments	-	-	-	244,521	244,521	244,521
Trade and other receivables	-	-	-	572,019	572,019	572,019
Reinsurance share of outstanding claims	-	-	-	592,566	592,566	592,566
Due from related parties	-	-	-	477,269	477,269	477,269
Financial investment	302,619	-	209,521	3,664	515,804	515,932
	302,619	-	209,521	2,533,980	3,046,120	3,046,248
Liabilities						
Loans and borrowings	-	-	-	4,996,565	4,996,565	4,996,565
Due to related parties	-	-	-	28,283	28,283	28,283
Trade payables, accruals and other liabilities	-	-	-	411,805	411,805	411,805
Reinsurance contract liabilities	-	-	-	944,262	944,262	944,262
Reinsurance premium payable	-	-	-	141,715	141,715	141,715
Dividend payable	-	-	-	86,464	86,464	86,464
Bank overdraft	-	-	-	1,408	1,408	1,408
	-	-	-	6,610,502	6,610,502	6,610,502

34. FINANCIAL INSTRUMENTS AT FAIR VALUE (CONTINUED)

Fair value hierarchy

The fair value of financial instruments approximates their carrying values.

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

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

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

	Level 1	Level 2	Level 3	Total
As at 31 December 2019				
Assets measured at fair value				
Financial assets at fair value through profit or loss	342,220	-	-	342,220
Financial assets at fair value through other comprehensive income	288,313	-	3	288,316
	630,533	-	3	630,536
As at 31 December 2018				
Assets measured at fair value				
Available-for-sale financial assets	302,619	-	-	302,619
Financial assets at fair value through profit or loss	209,518	-	3	209,521
	512,137	-	3	512,140

During the reporting year ended 31 December 2019 and 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

35. COMPARATIVE FIGURES

Certain comparative figures have been requalified in the current year in order to be consistent with current year presentation which have had no impact on previously reported equity or financial results. In previous years, management disclosed the amount of technical reserves net of their reinsurance balances which are reclassified during the current year on gross basis.

The impact of this reclassification as at 31 December 2018 is as follows:

	As previously reported	Reclassification	Reclassified
Reinsurance contract assets	406,915	185,651	592,566
Insurance contract liabilities	677,391	266,871	944,262
Unearned premiums	81,221	(81,221)	-

Independent Auditor's report on pages 1 to 8.

INFORMATION RELATED TO COMPANY'S SEPARATE FINANCIALS

This note provides certain information related to the Company's separate financial position, performance, cash flows and changes in equity as at and for the year ended 31 December 2019 and its comparative date/ year. The complete set of separate financial statements of the Company prepared in accordance with International Accounting Standard 27- Separate Financial Statements (IAS 27) are issued separately.

(a) Separate statement of financial position

	2019	2018
ASSETS		
Non-current assets		
Investment in subsidiaries	2,574,398	2,574,398
Financial investments	9,891	13,205
Total non-current assets	2,584,289	2,587,603
Current assets		
Prepayments and other receivables	322	1,197
Cash and bank balances	131,596	174,000
Total current assets	131,918	175,197
TOTAL ASSETS	**2,716,207**	2,762,800
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,858,409	1,858,409
Legal reserve	23,928	23,928
Fair value reserve	-	-
Retained earnings	535,336	389,169
Total equity	2,417,673	2,271,506
LIABILITIES		
Non-current liabilities		
Loans and borrowings	99,840	180,267
Total non-current liabilities	99,840	180,267
Current liabilities		
Loans and borrowings	80,427	162,933
Dividend payable	78,488	86,464
Accruals and other payables	5,641	5,016
Due to related parties	34,138	56,614
Total current liabilities	198,694	311,027
Total liabilities	298,534	491,294
TOTAL EQUITY AND LIABILITIES	**2,716,207**	2,762,800

INFORMATION RELATED TO COMPANY'S SEPARATE FINANCIALS (CONTINUED)

(b) Separate statement of profit or loss and other comprehensive income

	2019	2018
Revenue		
Dividend income	161,641	234,857
General and administrative expenses	(6,789)	(11,505)
Other income	423	-
Other expenses	(3,782)	(966)
Operating profit	**151,493**	222,386
Finance income	7,132	6,723
Finance cost	(11,368)	(16,084)
Profit for the year	**147,257**	213,025
Other comprehensive income	-	-
Total comprehensive income for the year	**147,257**	213,025
Earnings per share		
Basic and diluted earnings per share (Qatari Riyal)	**0.079**	0.115

(c) Separate statement of changes in equity

	Share capital	**Legal reserve**	**Fair value reserve**	**Retained earnings**	**Total**
Balance at 1 January 2018	1,858,409	23,928	778	175,366	2,058,481
Adjustment on initial application of IFRS 9	-	-	(778)	778	-
Adjusted balance at 1 January 2018	1,858,409	23,928	-	176,144	2,058,481
Total comprehensive income:					
Profit for the year	-	-	-	213,025	213,025
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	213,025	213,025
Balance at 31 December 2018	1,858,409	23,928	-	389,169	2,271,506
Balance at 1 January 2019	1,858,409	23,928	-	389,169	2,271,506
Social fund contribution	-	-	-	(1,090)	(1,090)
Total comprehensive income:					
Profit for the year	-	-	-	147,257	147,257
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	147,257	147,257
Balance at 31 December 2019	**1,858,409**	**23,928**	**-**	**535,336**	**2,417,673**

INFORMATION RELATED TO COMPANY'S SEPARATE FINANCIALS (CONTINUED)

(d) Separate statement of cashflows

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	147,257	213,025
Adjustments for:		
Dividend income	(423)	-
Finance costs	11,368	16,084
Finance income	(7,132)	(6,723)
Fair value loss on financial investments	3,314	338
	154,384	222,724
Changes in:		
Prepayments and other receivables	(33)	(1)
Accruals and other payables	649	(1,896)
Due to related parties	(22,476)	(6,012)
Net cash generated from operating activities	**132,524**	214,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance income received	8,040	5,650
Movement in restricted funds	7,976	8,882
Net movement in deposits with maturities in excess of three months	(47,600)	-
Dividend received	423	-
Net cash generated from investing activities	**(31,161)**	14,532
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loans and borrowings	(162,933)	(162,933)
Dividends paid	(7,976)	(8,882)
Finance costs paid	(12,482)	(16,084)
Net cash used in financing activities	**(183,391)**	(187,899)
Net increase in cash and cash equivalents	**(82,028)**	41,448
Cash and cash equivalents at 1 January	87,536	46,088
Cash and cash equivalents at 31 December	**5,508**	87,536