

# **Gulf International Services Q.S.C.**

## **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 September 2014**

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the nine months ended 30 September 2014

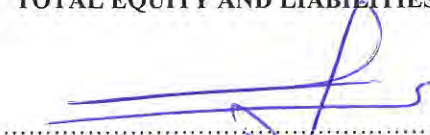
	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>Notes</i> <b>QR '000</b> <i>(Unaudited)</i>	<i>QR '000</i> <i>(Unaudited)</i>
Revenue	2,711,406	1,694,432
Direct costs	<u>(1,981,466)</u>	<u>(1,353,008)</u>
<b>GROSS PROFIT</b>	<b>729,940</b>	<b>341,424</b>
Finance income	15,851	15,470
Net gain/(loss) on financial assets at fair value through profit or loss	23,818	(4,604)
Other income	83,849	24,716
Share of profit from joint ventures	100,405	161,854
Finance cost	(30,090)	(11,981)
General and administrative expenses	<u>(142,422)</u>	<u>(67,691)</u>
<b>PROFIT FOR THE PERIOD</b>	<b><u>781,351</u></b>	<b><u>459,188</u></b>
<b>Other comprehensive income</b>		
Net movement in fair value of available-for-sale investments	33,820	3,798
Net foreign exchange difference on translation of foreign operations	<u>21</u>	<u>(136)</u>
Other comprehensive income for the period	<u>33,841</u>	<u>3,662</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>815,192</u></b>	<b><u>462,850</u></b>
<b>Earnings per share</b>		
Basic and diluted earnings per share (Qatari Riyals)	7 <u>4.20</u>	<u>2.47</u>

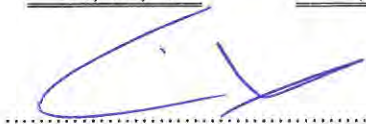
Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		30 September 2014 (Unaudited) QR '000	31 December 2013 (Audited) QR '000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,442,951	963,184
Goodwill		312,990	303,559
Investment properties		1,125	1,125
Interest in joint ventures		619	1,379,565
Held-to-maturity investments		85,488	85,448
Available-for-sale investments		275,665	169,985
		<u>7,118,838</u>	<u>2,902,866</u>
<b>Current assets</b>			
Inventories		203,122	79,542
Due from related parties		604,412	242,722
Accounts receivable and prepayments		739,113	622,081
Insurance receivables		305,537	363,099
Financial assets at fair value through profit or loss		226,237	260,656
Cash and bank balances	4	1,028,685	893,200
		<u>3,107,106</u>	<u>2,461,300</u>
<b>TOTAL ASSETS</b>		<u><u>10,225,944</u></u>	<u><u>5,364,166</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	5	1,858,408	1,486,727
Legal reserve		196,985	75,474
General reserve		74,516	74,516
Foreign currency translation reserve		(316)	(337)
Fair value reserve		50,677	16,857
Retained earnings		1,423,301	1,432,486
<b>Total equity</b>		<u>3,603,571</u>	<u>3,085,723</u>
<b>Non-current liabilities</b>			
Loans and borrowings		3,992,753	468,731
Employees' end of service benefits		59,198	40,413
		<u>4,051,951</u>	<u>509,144</u>
<b>Current liabilities</b>			
Due to related parties		69,515	531
Accounts payable, insurance payables and accruals		1,789,051	1,629,343
Loans and borrowings		711,856	139,425
		<u>2,570,422</u>	<u>1,769,299</u>
<b>Total liabilities</b>		<u>6,622,373</u>	<u>2,278,443</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>10,225,944</u></u>	<u><u>5,364,166</u></u>

.....  
  
 Dr. Mohamed Bin Saleh Al-Sada  
 Minister of Energy and Industry  
 Chairman and Managing Director

.....  
  
 Saeed Mubarak Al-Muhannadi  
 Vice-Chairman

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	Share capital QR '000	Legal reserve QR '000	General reserve QR '000	Foreign currency translation reserve QR '000	Fair value reserve QR '000	Retained earnings QR '000	Total QR '000
Balance at 1 January 2014	1,486,727	75,474	74,516	(337)	16,857	1,432,487	3,085,724
Total comprehensive income	-	-	-	21	33,820	781,351	815,192
Bonus Share Distributed (Note 6)	371,681	-	-	-	-	(371,681)	-
Dividends paid (Note 7)	-	-	-	-	-	(297,345)	(297,345)
Other movement in reserves	-	121,511	-	-	-	(121,511)	-
<b>Balance at 30 September 2014</b>	<b>1,858,408</b>	<b>196,985</b>	<b>74,516</b>	<b>(316)</b>	<b>50,677</b>	<b>1,423,301</b>	<b>3,603,571</b>
Balance at 1 January 2013	1,486,727	60,079	74,516	(161)	4,763	1,010,828	2,636,752
Total comprehensive income	-	-	-	(135)	3,798	459,188	462,851
Dividends paid (Note 7)	-	-	-	-	-	(223,009)	(223,009)
Balance at 30 September 2013	1,486,727	60,079	74,516	(296)	8,561	1,247,007	2,876,594

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014

	30 September 2014 QR '000 (Unaudited)	30 September 2013 QR '000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit for the year	781,351	459,188
Adjustments for:		
Depreciation	209,306	66,158
Provision for employees' end of service benefits	12,704	9,397
Loss/ (gain) on sale of securities	(23,760)	1,376
Finance expenses	30,090	11,981
Unrealised (gain)/loss on financial assets through profit and loss	(23,818)	4,604
Share of result of joint ventures	(100,405)	(161,854)
Loss/(profit) on disposal of property, plant and equipment	(605)	(464)
Finance income	(15,851)	(15,470)
Net operating profit before working capital changes	869,012	374,916
Inventories	(39,283)	(19,065)
Accounts receivable and prepayments	(100,537)	203,405
Accounts payable, insurance payables and accruals	7,927	(125,017)
Cash from operations	737,119	434,239
Employees' end of service benefits paid	(4,706)	(3,362)
Finance expenses paid	(30,090)	(11,981)
<b>Net cash from operating activities</b>	<b>702,323</b>	<b>418,896</b>
<b>INVESTING ACTIVITIES</b>		
Interest income	15,851	15,470
Net movement in financial assets	10,135	(8,476)
Proceeds from disposal of property, plant and equipment	617	1,619
Dividend from the joint venture	140,140	101,920
Time deposits with maturities in excess of three months	(196,728)	282,009
Investment in the joint venture	-	(127,400)
Acquisition of subsidiaries	(438,390)	-
Acquisition of property, plant and equipment	(1,292,085)	(63,747)
<b>Net cash from investing activities</b>	<b>(1,760,460)</b>	<b>201,395</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans	1,498,736	-
Repayment of loans and borrowings	(204,494)	(111,755)
Dividends paid	(297,345)	(223,009)
<b>Net cash used in financing activities</b>	<b>996,897</b>	<b>(334,764)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(61,240)</b>	<b>285,527</b>
Cash and cash equivalents at 1 January	508,583	391,995
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>447,343</b>	<b>677,522</b>

**1 CORPORATE INFORMATION**

Gulf International Services Q.S.C. (the “Company” or together with its subsidiaries referred to as the “Group”) is a Company incorporated in the State of Qatar under commercial registration number 38200 as a Qatari Shareholding Company on February 12, 2008. The principal activity of the Company is to operate as a holding company. The registered office of the Company is situated in Doha, State of Qatar.

The Company was incorporated by Qatar Petroleum (“QP”) as a sole shareholder with an initial capital of QR. 5 million on February 12, 2008 which is the date of incorporation of the Company.

Until February 24, 2008, the equity interests in the portfolio companies Gulf Helicopters Q.S.C. (“GHC”), Gulf Drilling International Q.S.C. (“GDI”) and Al Koot Insurance and Reinsurance Company S.A.Q. (“Al Koot”) were held directly by QP and Japan Drilling Company (“JDC”) (In case of GDI – 30% was owned by JDC) and the equity interests of QP were transferred to the Company on February 24, 2008.

However, the management concluded that the effective date of transfer of interest from QP to the Company was February 12, 2008, being the date on which control as well as joint control, over these portfolio companies, was transferred by QP to the Company and hence from this date, the results of operations of these portfolio companies are consolidated with the results of operations of the Company.

On May 26, 2008, QP listed 70% of the Company’s issued share capital on Qatar Exchange. An extraordinary general assembly held on November 4, 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 GIS to the GRSIA.

On May 31, 2012, the Group acquired 100% shares of Amwaj Catering Services Limited Q.S.C., a company incorporated in the State of Qatar. The Group has obtained control over the Subsidiary in accordance with the sale and purchase agreement effective from June 1, 2012.

On April 30, 2014, the Company acquired additional 30% of the voting shares of Gulf Drilling International Limited Q.S.C, a company incorporated in the State of Qatar that resulted to 100% ownership. The Group has obtained control over the company, therefore, the company became a subsidiary of Gulf International Services Q.S.C., in accordance with the sale and purchase agreement, effective from date of additional acquisition.

Following are the subsidiaries in which the company has direct ownership as of 30 September 2014.

		<b>Country of incorporation</b>	<b>Percentage of Holding</b>
Al Koot Insurance & Reinsurance Company S.A.Q.	Subsidiary	Qatar	100%
Amwaj Catering Services Company Ltd. Q.S.C	Subsidiary	Qatar	100%
Gulf Helicopters Company Q.S.C.	Subsidiary	Qatar	100%
Gulf Drilling International Limited Q.S.C.	Subsidiary	Qatar	100%

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2013. In addition, results for the nine months period ended September 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2013.

**3 PROPERTY, PLANT AND EQUIPMENT**

	<i>30 September 2014 QR'000 (Unaudited)</i>	<i>31 December 2013 QR'000 (Audited)</i>
Opening net book value	963,184	940,312
Acquisition through business combination	4,397,469	-
Additions	1,292,085	113,848
Disposals and transfers	(481)	(1,307)
Depreciation	<u>(209,306)</u>	<u>(89,669)</u>
Closing net book value	<u>6,442,951</u>	<u>963,184</u>

**4 CASH AND CASH EQUIVALENTS**

	<i>30 September 2014 QR'000 (Unaudited)</i>	<i>31 December 2013 QR'000 (Audited)</i>
Bank balances and cash	<u>1,028,685</u>	<u>893,200</u>

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise:

	<i>30 September 2014 QR'000 (Unaudited)</i>	<i>31 December 2013 QR'000 (Audited)</i>
Bank balances and cash	1,028,685	893,200
Less: Fixed deposits maturing after 90 days	<u>(581,342)</u>	<u>(384,614)</u>
	<u>447,343</u>	<u>508,586</u>

**5 SHARE CAPITAL**

	<i>30 September 2014 QR'000 (Unaudited)</i>	<i>31 December 2013 QR'000 (Audited)</i>
Authorised, issued and paid-up: 185,840,869 shares of QR 10 each (31 December 2013 : 148,672,695 shares of QR 10 each)	<u>1,858,408</u>	<u>1,486,727</u>
	<i>30 September 2014 No of shares</i>	<i>31 December 2013 No of shares</i>
Balance at the beginning of the period	<u>148,672,695</u>	148,672,695
Bonus share issue	<u>37,168,174</u>	-
Balance at the end of the period	<u>185,840,869</u>	<u>148,672,695</u>

**6 DIVIDENDS PAID**

During the year, a cash dividend of QR 2.0 per share amounting to QR 297.3 million and a bonus share of 25% relating to 2013 was approved by the shareholders at the Annual General Meeting held on 11 March 2014 (2012: QR 1.50 per share amounting to QR 223 million).

**7 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period.

The following reflects the income and share data used in the computation of basic and diluted earnings per share:

	<i>30 September 2014</i>	<i>30 September 2013</i>
Net profit for the period (QR'000)	<u>781,351</u>	<u>459,188</u>
Weighted average number of shares outstanding during the period	<u>185,840,869</u>	<u>185,840,869</u>
Basis and diluted earnings per share (expressed in QR per share)	<u>4.20</u>	<u>2.47</u>



# Gulf International Services Q.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 8 SEGMENTAL REPORTING

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. 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 in each of the Group's reportable segments:

- Insurance; provider of a range of insurance and reinsurance services to QP and its subsidiaries and other companies.
- Aviation; provider of helicopter transportation services in Qatar and India. Also operating in Middle East and North Africa (MENA region).
- Catering; Catering and manpower services to the QP Group and its affiliates.
- Drilling; drilling and drilling – related services to the QP Group and its international co-ventures.

#### Operating segments

The following table present revenue, expenses and profit information regarding the Group's operating segments for the period ended 30 September 2014 and 30 September 2013 and assets and liabilities as of 30 September 2014 and 31 December 2013 respectively:

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<b>Period ended 30 September 2014</b>					
Segment revenue	547,684	479,516	815,270	1,220,048	3,062,518
Direct cost	(537,671)	(294,042)	(697,637)	(662,886)	(2,195,236)
Depreciation	(1,423)	(54,807)	(10,398)	(212,786)	(279,414)
Finance charges	-	1,779	(90)	(23,077)	(21,388)
Segment results	90,161	179,920	87,035	446,860	803,976
Unallocated income					1,362
Unallocated expense					(23,987)
Profit for the period					781,351
	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<b>As of 30 September 2014</b>					
Cash	563,056	41,367	222,099	27,315	853,837
Other current assets	831,703	250,449	333,364	648,440	2,063,956
Non current assets	294,280	1,246,664	52,375	5,186,268	6,779,587
Total assets	1,689,039	1,538,480	607,838	5,862,023	9,697,380
Debts falling due within 1 year	-	148,103	-	2,890,943	3,039,046
Other current liabilities	3,786	22,689	20,852	11,871	59,198
Debts due after 1 year	-	70,886	-	558,463	629,349
Other non-current liabilities	1,102,373	101,756	402,304	177,264	1,783,697
Total liabilities	1,106,159	343,434	423,156	3,638,541	5,511,290

**8 SEGMENTAL REPORTING (continued)**

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<b>Period ended 30 September 2013</b>					
Segment revenue	517,704	463,202	713,526	620,276	2,314,708
Direct cost	(455,730)	(263,704)	(633,574)	(389,237)	(1,742,245)
Depreciation	(655)	(51,668)	(13,835)	(116,504)	(182,662)
Finance charges	-	(1,795)	(424)	(8,805)	(11,024)
Segment results	77,565	187,529	49,188	162,652	476,934
Unallocated income					1,182
Unallocated expense					(18,928)
Profit for the period					459,188

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<b>As of 31 December 2013</b>					
Cash	536,894	146,399	163,883	54,777	901,953
Other current assets	1,013,114	239,964	357,050	338,807	1,948,935
Non current assets	223,864	939,095	40,691	2,786,933	3,990,583
Total assets	1,773,872	1,325,458	561,624	3,180,517	6,841,471
Debts falling due within 1 year	-	56,918	-	299,807	356,725
Other current liabilities	1,162,206	63,422	369,380	116,380	1,711,388
Debts due after 1 year	-	56,171	-	1,378,468	1,434,639
Other non-current liabilities	3,079	20,683	16,650	14,922	55,334
Total liabilities	1,165,285	197,194	386,030	1,809,577	3,558,086