GULF INTERNATIONAL SERVICES Q.P.S.C.
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2018

GULF INTERNATIONAL SERVICES Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2018

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Independent auditor's report on review of interim condensed consolidated financial statements

To the Board of Directors of Gulf International Services Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf International Services Q.P.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group") as at 30 June, 2018, the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim condensed consolidated financial statements (the "interim condensed consolidated financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six month period ended 30 June, 2018 are not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*".

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

Other matter

The interim condensed consolidated financial statements as at and for the six month period ended 30 June 2017 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2017 were audited, by another auditor, whose review report and audit report dated 31 July 2017 and 7 February 2018 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

5 August 2018
Doha
State of Qatar

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

GULF INTERNATIONAL SERVICES Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

In thousands of Qatari Riyals

	Note	30 June 2018 (Reviewed)	31 December 2017 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	7,108,910	7,219,761
Goodwill	6	303,559	303,559
Intangible asset		556	1,112
Contract assets		10,937	-
Financial investments	7	298,070	390,953
Total non-current assets		7,722,032	7,915,385
Current assets			
Inventories		206,892	202,116
Contract assets		14,491	-
Due from related parties	15 (b)	415,794	462,841
Financial investments	7	292,326	201,029
Trade and other receivables	8	559,119	507,028
Insurance contract receivables		213,306	188,360
Cash and bank balances	9	894,308	951,717
Total current assets		2,596,236	2,513,091
TOTAL ASSETS		**10,318,268**	10,428,476
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	1,858,409	1,858,409
Legal reserve		359,410	359,410
General reserve		74,516	74,516
Foreign currency translation reserve		3,984	36
Fair value reserve		(6,498)	(3,692)
Retained earnings		1,391,272	1,389,884
Total equity		3,681,093	3,678,563
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	4,142,686	4,247,662
Contract liabilities		21,865	-
Provision for decommissioning costs		41,598	25,954
Provision for employees' end of service benefits		78,807	76,757
Total non-current liabilities		4,284,956	4,350,373
Current liabilities			
Bank overdraft	9	1,398	-
Dividends payable	11	90,324	95,346
Due to related parties	15 (b)	27,728	8,312
Loans and borrowings	12	929,687	897,803
Trade and other payables		1,266,430	1,355,182
Contract liabilities		17,152	-
Provision for decommissioning costs		19,500	42,897
Total current liabilities		2,352,219	2,399,540
Total liabilities		6,637,175	6,749,913
TOTAL EQUITY AND LIABILITIES		**10,318,268**	10,428,476

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 5 August 2018:

Khalid Bin Khalifa Al - Thani
Chairman

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

The notes on pages 8 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six month period ended 30 June 2018 In thousands of Qatari Riyals

	Note	**Six month period ended 30 June 2018 (Reviewed)**	Six month period ended 30 June 2017 (Reviewed)
Revenue	13	1,310,440	1,255,575
Direct costs	14	(1,088,863)	(1,059,756)
Gross profit		**221,577**	195,819
Other income		32,784	21,434
Other expenses		(16,194)	(1,073)
General and administrative expenses		(111,502)	(128,505)
Impairment of property and equipment	5	-	(10,920)
Operating profit		**126,665**	76,755
Finance income		12,912	15,143
Finance cost		(105,337)	(76,073)
Profit for the period		**34,240**	15,825
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on financial investments		(4,947)	(13,750)
Net foreign exchange differences on translation of foreign operations		3,948	2,133
Other comprehensive income for the period		**(999)**	(11,617)
Total comprehensive income for the period		**33,241**	4,208
Earnings per share			
Basic and diluted earnings per share (Qatari Riyals)	17	**0.18**	0.09

The notes on pages 8 to 26 are an integral part of these interim condensed consolidated financial statements.

GULF INTERNATIONAL SERVICES Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2018

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2017 (Audited)	1,858,409	352,294	74,516	1,325	12,239	1,499,985	3,798,768
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	15,825	15,825
Other comprehensive income	-	-	-	2,133	(13,750)	-	(11,617)
Total comprehensive income	-	-	-	2,133	(13,750)	15,825	4,208
Dividends declared (Note 11)	-	-	-	-	-	(185,841)	(185,841)
Balance at 30 June 2017 (Reviewed)	1,858,409	352,294	74,516	3,458	(1,511)	1,329,969	3,617,135
Balance at 31 December 2017 (Audited)	1,858,409	359,410	74,516	36	(3,692)	1,389,884	3,678,563
Adjustment on initial application of IFRS 9 (Note 4)	-	-	-	-	2,141	(6,945)	(4,804)
Adjustment on initial application of IFRS 15 (Note 4)	-	-	-	-	-	(25,907)	(25,907)
Adjusted balance at 1 January 2018	1,858,409	359,410	74,516	36	(1,551)	1,357,032	3,647,852
Total comprehensive income for the period							
Profit for the period	-	-	-	-		34,240	34,240
Other comprehensive income	-	-	-	3,948	(4,947)	-	(999)
Total comprehensive income	-	-	-	3,948	(4,947)	34,240	33,241
Dividends declared (Note 11)	-	-	-	-	-	-	-
Balance at 30 June 2018 (Reviewed)	**1,858,409**	**359,410**	**74,516**	**3,984**	**(6,498)**	**1,391,272**	**3,681,093**

The notes on pages 8 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2018 In thousands of Qatari Riyals

	Note	**Six month for the period ended 30 June 2018 (Reviewed)**	Six month for the period ended 30 June 2017 (Reviewed)
OPERATING ACTIVITIES			
Net profit for the period		34,240	15,825
Adjustments for:			
Depreciation and amortization		238,355	274,068
Impairment of property and equipment	5	-	10,920
Finance costs		105,337	76,073
Provision for employees' end of service benefits		11,091	8,565
Loss on disposal of property and equipment		8,215	945
Write-off of property and equipment		7,742	-
Interest income		(12,738)	(15,143)
Net movement of financial assets at fair value through profit or loss		(4,505)	(8,749)
Net gain from disposal of financial investments		(6,070)	(3,476)
Amortisation of discount of held to maturity financial assets		-	(19)
Amortization of finance cost related to borrowings		3,725	(3,408)
Reversal of provision for decommissioning costs		(7,753)	-
Reversal of provision for expected credit loss		(589)	-
Provision for slow moving inventories		3,845	8,795
(Reversal)/ provision for impairment of trade and other receivables and due from related parties		(8,753)	16,823
Movement in unearned premiums		(35,811)	20,194
Profit distribution from managed investment funds		(2,091)	(745)
Expected credit loss on financial investments		55	-
Dividend income		(4,370)	(2,040)
		329,925	398,628
Changes in:			
Inventories		(8,621)	3,523
Contract assets		2,364	-
Contract liabilities		(14,682)	-
Trade and insurance receivables, prepayments and due from related parties		(24,794)	40,409
Trade and insurance payables, accruals and due to related parties		(40,788)	(11,755)
Cash generated from operations		**243,404**	430,805
Payment of employees' end of service benefits		(9,041)	(5,063)
Net cash generated from operating activities		**234,363**	425,742
INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(143,398)	(117,630)
Acquisition of financial investments		(141,593)	(99,321)
Interest income received		12,080	15,143
Proceeds from disposal and maturity of financial assets		148,752	166,079
Proceeds from disposal of property and equipment		493	72
Net movement in cash at banks – restricted for dividend		5,022	(7,425)
Profit distribution from managed investment funds		2,091	745
Dividend income received		4,370	2,040
Movement in restricted funds		31,812	(16,719)
Net cash used in investing activities		**(80,371)**	(57,016)

The notes on pages 8 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2018 In thousands of Qatari Riyals

	Note	**Six month for the period ended 30 June 2018 (Reviewed)**	Six month for the period ended 30 June 2017 (Reviewed)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		407,678	134,775
Repayment of loans and borrowings		(484,495)	(562,494)
Dividends paid	11	(5,022)	(178,416)
Finance cost paid		(98,074)	(72,665)
Net cash used in financing activities		**(179,913)**	(678,800)
Net decrease in cash and cash equivalents		**(25,921)**	(310,074)
Effects of movement in exchange rates on cash and cash equivalents		3,948	2,133
Cash and cash equivalents at beginning of period		821,755	753,766
Cash and cash equivalents at the end of the period	**9**	**799,782**	445,825

The notes on pages 8 to 26 are an integral part of these interim condensed consolidated financial statements.

1. REPORTING ENTITY

Gulf International Services Q.P.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 13 February 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 is in the process of complying with the requirements of Qatar Commercial Companies Law No. 11 of 2015, which replaced the previous Qatar Commercial Companies Law No. 5 of 2002.

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 interim condensed consolidated financial statements comprise the interim condensed financial statements of the below stated wholly owned subsidiaries as at the end of the reporting date:

Name of the Company	Relationship	Country of incorporation	Percentage of holding 30 June 2018	Percentage of holding 31 December 2017
Al Koot Insurance & Reinsurance Company S.A.Q.	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Limited. Q.P.S.C.	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company Q.S.C.	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited Q.S.C.	Subsidiary	Qatar	100%	100%

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

Name of the Company	Nature	Country of incorporation	Percentage of holding June 30, 2018	Percentage of holding 31 December 2017
United Helicharters Private Limited	Joint venture	India	36%	36%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
Al Maha Aviation Company	Subsidiary	Libya	92%	92%
Gulf Helicopters Company L.L.C	Subsidiary	Oman	70%	70%
Redstar Havacilik Hizmetleri A.S.	Subsidiary	Turkey	49%	49%

Where necessary, adjustments are made to the interim condensed 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 ACCOUNTING

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 (last annual consolidated financial statements). These do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

This is the first set of Group's financial statements where IFRS 9 – "Financial Instruments" and IFRS 15 – "Revenue from Contracts with Customers" have been applied. Changes to significant accounting policies are described in Note 4.

3. USE OF JUDGEMENT AND ESTIMATES

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last consolidated annual financial statements of the Group for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

The financial risk management objectives and policies of the Group are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2017.

4. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

4.1 New standards, amendments and interpretations effective from 1 January 2018

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in Group's consolidated financial statements as at and for the year ending 31 December 2018.

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

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

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

i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

For the six month period ended 30 June 2018 In thousands of Qatari Riyals

4. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The following tables summarises the impact of adopting IFRS 15 on the Group's interim condensed consolidated statement of financial position as at 30 June 2018 and its interim condensed consolidated statement of profit or loss and other comprehensive income for the six month then ended for each of the line items affected. There was no material impact on the Group's interim condensed consolidated statement of cash flows for the six month period ended 30 June 2018.

Impact on the interim condensed consolidated statement of financial position:

	As reported	Adjustment	Amounts without adoption of IFRS 15
Assets			
Contract assets	10,937	(10,937)	-
Non-current assets	**7,722,032**	**(10,937)**	**7,711,095**
Contract assets	14,491	(14,491)	**-**
Current assets	**2,596,236**	**(14,491)**	**2,581,745**
Total assets	**10,318,268**	**(25,428)**	**10,292,840**
Equity			
Retained earnings	1,391,272	13,589	1,404,861
Total equity	**3,681,093**	**13,589**	**3,694,682**
Liabilities			
Contract liabilities	21,865	(21,865)	-
Non-current liabilities	**4,284,956**	**(21,865)**	**4,263,091**
Current liabilities	17,152	(17,152)	-
Current liabilities	**2,352,219**	**(17,152)**	**2,335,067**
Total equity and liabilities	**10,318,268**	**(25,428)**	**10,292,840**

For the six month period ended 30 June 2018 In thousands of Qatari Riyals

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

	As reported	Adjustment	Amounts without adoption of IFRS 15
Revenue	1,310,440	(1,339)	1,309,101
Direct costs	(1,088,863)	409	(1,088,454)
Gross profit	221,577	(930)	220,647
Profit for the period	**34,240**	**(930)**	**33,310**

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below. Under IFRS 15, revenue is recognised when a customer obtains control of the services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Type of services	Nature and timing of performance obligation	Nature of change in accounting policy
Mobilization and demobilization services	Mobilization and demobilization of the drilling unit to the location specified by the customer does not provide the customer with any good or service that the customer can benefit from on its own or with its readily available resources. Accordingly, mobilization and demobilization is not capable of being distinct within the context of the contract. The obligation is fulfilled over time when the drilling activities commences. Hence, the promise to mobilize and demobilize the rig form part of a single performance obligation as they are highly inter-dependent.	Under IAS 18, the revenue from mobilization and demobilization of rigs were recognized when the services were delivered to the customer, which was taken to be point in time. Revenue was recognised point in time provided that the revenue and costs could be measured reliably and the recovery of the consideration was probable. Under IFRS 15, these services form part of a single performance obligation and accordingly revenue is recognised over time. The impacts of these changes on items other than revenue are an increase in direct costs and corresponding increase in contract assets and contract liabilities.
Catering, manpower, accommodation, cleaning, function events sales and other general services	Revenue is recognised over time as these services are provided. Invoices for catering, manpower, accommodation, cleaning, function events sales and other general services are normally issued on a monthly basis and are usually payable within 60 days.	IFRS 15 did not have a significant impact on the Group's accounting policies with respect to these services.

For the six month period ended 30 June 2018 In thousands of Qatari Riyals

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.	IFRS 15 did not have a significant impact on the Group's accounting policies with respect to this service.
Air Ambulance Services, Supply of spares, Maintenance, Repair and Overhaul services (MRO) and Training services	Revenue is recognized "point in time" based on the actual services rendered. Invoices are normally issued as and when the service is performed and are usually payable within 30-60 days.	IFRS 15 did not have a significant impact on the Group's accounting policies with respect to this service.
Provision of general insurance and reinsurance services, including medical insurance, except for vehicle insurance and insurance against the risk of death and accidents.	Insurance contracts within the scope of IFRS 4 Insurance Contracts are specifically out of scope of IFRS 15.	IFRS 15 did not have any impact on the Group's accounting policies with respect to this service.

ii) IFRS 9 - Financial instruments

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

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

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

For the six month period ended 30 June 2018 In thousands of Qatari Riyals

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ii) IFRS 9 - Financial instruments (continued)

a) Classification and measurement of financial assets and liabilities

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018, is as described further below:

i. Financial assets (Equity investments) at FVTPL

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

	Original classification on under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*Expected credit loss allowance recognised under IFRS 9*	*New carrying amount under IFRS 9*
Shares in Qatari public shareholding companies	AFS	FVTPL	88,612	-	88,612
Held for Trading – debt securities	FVTPL	FVTPL	201,029	-	201,029
			289,641	-	**289,641**

ii. Financial assets at FVTOCI

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

	Original classification on under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*Expected credit loss allowance recognised under IFRS 9*	*New carrying amount under IFRS 9*
Managed investment fund and unquoted shares	AFS	FVTOCI	71,554	-	71,554
Debt securities – quoted	AFS	FVTOCI	213,643	845	212,798
Investment in securities	AFS	FVTOCI	13,560	-	13,560
			298,757	**845**	**297,912**

For the six month period ended 30 June 2018 In thousands of Qatari Riyals

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ii) IFRS 9 - Financial instruments (continued)

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

iii. Financial assets at Amortized cost

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

Trade and other receivables, due from related parties, quoted debt securities, insurance contract receivables and bank balances and deposits that were classified as loans and receivables under IAS 39 are now classified at amortized cost as per IFRS 9.

	Original classification on under IAS 39	***New classification under IFRS 9***	***Original carrying amount under IAS 39***	***Expected credit loss allowance recognised under IFRS 9***	***New carrying amount under IFRS 9***
Debt securities – quoted	Held to Maturity	Amortised cost	3,583	5	3,578
Insurance contract receivables	Loans and receivables	Amortised cost	188,360	3,624	184,737
Bank balances and deposits	Loans and receivables	Amortised cost	931,454	1,166	930,288
Due from related parties	Loans and receivables	Amortised cost	462,841	9	462,832
Trade and other receivables	Loans and receivables	Amortised cost	507,028	-	507,028
			2,093,266	**4,804**	**2,088,463**

b) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The Group has elected to measure loss allowances for its financial assets at an amount equal to lifetime ECLs. 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ii) IFRS 9 “Financial instruments” (continued)

b) Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost 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.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented in the condensed consolidated interim statement of profit or loss.

Impact of the new impairment model

For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9’s impairment requirements at 1 January 2018 results in no additional impairment.

c) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method. The Group has not restated the comparative information of prior periods. Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

d) Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Group’s financial liabilities.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Standards, amendments and interpretations issued but not yet effective

Certain new, revised standards and interpretations that have been issued are not yet effective for the six month period ended 30 June 2018 and have not been early adopted in preparing these interim condensed consolidated financial statements.

5. PROPERTY AND EQUIPMENT

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Cost		
As at 1 January	10,544,680	10,192,281
Additions during the period/ year	143,398	380,701
Transfers during the period/ year	-	(146)
Disposals during the period/ year	(15,890)	(28,156)
Write-offs during the period/ year	(12,554)	-
Balance at 30 June / 31 December	10,659,634	10,544,680
Accumulated depreciation		
As at 1 January	3,324,919	2,853,422
Depreciation charge for the period/ year	237,799	498,197
On disposals during the period/ year	(7,182)	(15,780)
On write-offs during the period/ year	(4,812)	-
Impairment loss recognised during the period/ year	-	(10,920)
Balance at 30 June / 31 December	3,550,724	3,324,919
Carrying amount		
At 30 June / 31 December	**7,108,910**	7,219,761

6. GOODWILL

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Goodwill - at Cost	303,559	303,559
Accumulated impairment loss	-	-
	303,559	303,559

On 31 May 2012, the Group acquired 100% shares of Amwaj Catering Services Limited Q.P.S.C., a company incorporated in the state of Qatar, resulting in a goodwill of QR 303,559 thousand.

The recoverable amount of the goodwill is determined based on a value in use calculation, which is based on the projected cash flows of the financial budgets approved by the Board of Directors covering a five-year period, and a pre-tax discount rate at 10% per annum (2017: 10%). The management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

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7. FINANCIAL INVESTMENTS

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

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Investments measured at fair value through profit and loss		
- Held for trading debt securities (i)	201,839	201,029
- Quoted shares in Qatari public shareholding companies	90,487	-
	292,326	201,029
Investments measured at fair value through profit or loss and through other comprehensive income (IFRS 9) / available for sale investments (IAS 39)		
- Quoted shares in Qatari public shareholding companies	29,792	102,173
- Quoted debt securities	202,069	213,643
- Managed investment funds	62,543	71,552
- Unquoted shares	2	2
	294,406	387,370
Investments measured at amortised cost (IFRS 9) / held to maturity investments (IAS 39)		
Quoted debt securities (ii)	**3,669**	3,583
Financial investments before ECL provision	590,401	591,982
ECL provision in respect of debt securities measured at amortised cost	(5)	-
	590,396	591,982

Presented in the condensed consolidated interim statement of financial position as:

Current assets	292,326	201,029
Non-current assets	298,070	390,953
Net financial investments	**590,396**	591,982

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

(ii) The market value of investments measured at amortised cost amounted to QR 3,844 thousand as of 30 June 2018 (31 December 2017: QR 3,945 thousand).

(iii) Financial assets 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.

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8. TRADE AND OTHER RECEIVABLES

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Trade receivable	254,598	229,627
Prepayments and other receivables	357,190	339,195
Less: Impairment of financial assets (Note 8.1)	(52,669)	(61,794)
	559,119	507,028

8.1 Movement in the Impairment of financial assets are as follows:

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
At 1 January	61,794	44,971
Provision made during the period / year	-	23,090
Reversal made during the period / year	(9,125)	(6,267)
At 30 June/ 31 December	**52,669**	61,794

9. CASH AND CASH EQUIVALENTS

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Cash on hand	1,777	1,858
Cash at bank		
- Current and call accounts	444,662	405,559
- Fixed and term deposits (1) & (2)	449,017	544,300
Provision for expected credit loss (IFRS 9)	(1,148)	-
Bank balances and cash as per interim condensed consolidated statement of financial position	**894,308**	951,717
Less: Cash at banks – restricted funds	(2,804)	(34,616)
Less: Cash at banks – restricted for dividend	(90,324)	(95,346)
Less: Bank overdraft	(1,398)	-
	(94,526)	(129,962)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	**799,782**	821,755

(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 30 June 2018, these fixed deposits are held with local commercial banks with original maturity of up to six months or less.

10. SHARE CAPITAL

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Issued and paid up capital		
185,840,868 ordinary shares of QR 10 each (31 December 2017: 185,840,868 ordinary shares of QR 10 each)	**1,858,409**	1,858,409

For the six month period ended 30 June 2018 In thousands of Qatari Riyals

11. DIVIDENDS PAYABLE

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

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

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
At 1 January	95,346	100,210
Dividends declared during the period/year	-	185,841
Dividends paid during the period/year	(5,022)	(190,705)
At 30 June / 31 December	**90,324**	95,346

12. LOANS AND BORROWINGS

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Various commercial borrowings (i)	4,384,706	4,488,330
Islamic Financing (ii) (iv)	542,067	490,735
Borrowings (iii)	145,600	166,400
	5,072,373	5,145,465

Presented in the interim condensed consolidated statement of financial position as follows:

Non-current portion	4,142,686	4,247,662
Current portion	929,687	897,803
	5,072,373	5,145,465

(i) The borrowings are related to the Company's subsidiaries, Gulf Helicopters Company Q.S.C. ("GHC") and Gulf Drilling International Q.S.C. ("GDI"). These companies have entered into various borrowing arrangements with different banks. All facilities bears interest rates varying between 3 months LIBOR plus 0.60% - 2.75% (2017: LIBOR plus 0.45% - 2.75%). The loans are to be repaid in quarterly installments. The loans obtained by GDI and GHC are unsecured.

(ii) On 23 May 2012, the Company obtained a syndicated Murabaha facility of US$ 170 million from a consortium of lenders to finance the acquisition of Amwaj Catering Services Company Ltd. Q.P.S.C. The effective profit rate is 6 months LIBOR plus 1.35% (2017: LIBOR plus 1.75%). The loan is repayable in 15 semi-annual installments with the first instalment started in November 2012 and is unsecured.

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

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

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12. LOANS AND BORROWINGS (CONTINUED)

(iv) 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 Company'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. The Company has drawn down from the facility US$ 263 million as of 30 June 2018.

13. REVENUE

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Gross insurance revenue (Note 13.1)	216,037	155,007
Revenue from aviation	269,555	277,850
Revenue from catering services	220,871	251,573
Revenue from drilling	603,977	571,145
	1,310,440	1,255,575

13.1 Gross insurance revenue

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Gross premium	207,237	159,368
Movement in unearned premium, gross	692	(15,678)
Net commission income	8,108	11,317
Gross insurance revenue	**216,037**	155,007

14. DIRECT COSTS

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Gross insurance expense (Note 14.1)	180,191	121,816
Direct aviation cost	190,972	172,140
Direct cost of catering services	216,324	228,372
Direct cost of drilling	501,376	537,428
	1,088,863	1,059,756

14.1 Group insurance expense

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Reinsurance cession	96,780	51,900
Movement in unearned premium, reinsurance	-	4,515
Net claims incurred	80,292	61,501
Brokerage cost	3,119	3,900
Gross insurance expense	**180,191**	121,816

In thousands of Qatari Riyals

15. 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 period end and the transactions during the period, are disclosed as follows:

a) Transactions with related parties

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Revenue – Parent, associate and affiliated entities	**750,097**	632,796
Direct and other operating expenses – Parent, associate and affiliated entities	**68,702**	41,013

b) Related party balances

Name of entity	**Relationship**	**Due from**		**Due to**	
		30 June 2018 (Reviewed)	31 December 2017 (Audited)	**30 June 2018 (Reviewed)**	31 December 2017 (Audited)
Qatar Petroleum	Parent Company	298,700	278,491	20,066	-
Qatargas Company Limited	Affiliate	77,574	67,455	-	-
United Helicharters Pvt. Ltd & Gulf Med Aviation Services	Affiliate	15,167	11,964	826	-
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	8,889	3,014	-	-
Qatargas Operating Company Limited	Affiliate	6,734	14,298	-	-
Qatar Fuel Company (WODOQ) Q.P.S.C.	Affiliate	5,510	946	5,835	3,701
ORYX GTL Limited	Affiliate	-	10,982		-
Others	Affiliates	17,189	89,288	1,001	4,611
Provision for impairment against receivables from related parties		(13,969)	(13,597)	-	-
		415,794	462,841	**27,728**	8,312

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15. RELATED PARTIES (CONTINUED)

c) Remuneration of key management personnel

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Compensation of key management personnel		
Salaries and other benefits	**21,690**	23,169

16. CONTINGENCIES AND COMMITMENTS

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Contingent liabilities:		
Guarantees against performance bonds	**308,252**	312,767
Claim under dispute	**-**	3,449

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

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Commitments:		
Capital commitments	**231,260**	267,290

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.

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

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Not later than 1 year	**15,775**	27,080
Later than 1 year and not longer than 5 years	**55,176**	46,099
Later than 5 years	**9,009**	13,057
	79,960	86,236

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17. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the period 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.

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Profit for the period (QR '000)	**34,240**	15,825
Adjusted weighted average number of equity shares	**185,840,868**	185,840,868
Basic and diluted earnings per share (QR)	**0.18**	0.09

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18. OPERATING SEGMENTS

The Group has four (4) 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 chief operating decision maker 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: Providing a range of insurance and reinsurance services to Qatar Petroleum ("QP") and its subsidiaries and its affiliates.
- Aviation: Provider of helicopter transportation services in Qatar and India. Also operating as a provider of helicopter transportation services in Middle East and North Africa (MENA region) and air ambulance services in Turkey. The aviation segment includes the information relating to Gulf Helicopters Company's joint ventures and its subsidiaries.
- Catering: Provides catering services to QP and its subsidiaries and affiliates as well as to other third parties.
- Drilling: Related services to the QP Group and its international co-ventures

The following table presents the information regarding the Group's operating segments including its subsidiaries:

For the six month period ended and as at 30 June 2018 (Reviewed)	**Insurance**	**Aviation**	**Catering**	**Drilling**	**Total**
External revenue	224,725	269,615	239,555	603,977	**1,337,872**
Inter-segment revenue	(8,688)	(60)	(18,684)	-	**(27,432)**
Net revenue	216,037	269,555	220,871	603,977	**1,310,440**
Segment profit/ (loss) before tax	37,505	59,362	5,053	(53,549)	**48,371**
Segment assets	1,500,817	1,529,592	336,724	6,349,931	**9,717,064**

For the six month period ended and as at 30 June 2017 (Reviewed)	Insurance	Aviation	Catering	Drilling	Total
External revenue	156,519	277,960	267,894	571,145	1,273,518
Inter-segment revenue	(1,512)	(110)	(16,321)	-	(17,943)
Net revenue	155,007	277,850	251,573	571,145	1,255,575
Segment profit/ (loss) before tax	41,000	79,326	3,384	(84,457)	39,253
Total assets (At 31 December 2017) (Audited)	1,561,990	1,545,811	365,156	6,425,459	9,898,416

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18. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segments profit or loss

	Six month period ended 30 June 2018 (Reviewed)	Six month period ended 30 June 2017 (Reviewed)
Total profit before tax for reportable segments	48,371	39,253
Other un-allocable profit or loss (represents profit or loss of parent company including dividends from the subsidiaries)	147,344	260,990
Elimination of dividends paid to parent company by subsidiaries	(154,857)	(275,039)
Other adjustments	(6,618)	(9,379)
Consolidated profit for the period	**34,240**	15,825

	30 June 2018 (Reviewed)	31 December 2017 (Audited)
Reconciliation of reportable segments total assets		
Total assets for reportable segments	9,717,064	9,898,416
Other un-allocable assets (represents total assets of parent company including investment in subsidiaries)	2,775,679	2,729,560
Elimination of investments in subsidiaries	(2,574,398)	(2,574,398)
Assets relating to purchase price allocation	152,733	159,340
Good will on acquisition of Amwaj Catering Services Limited Q.P.S.C.	303,559	303,559
Elimination of inter-segment assets	(56,369)	(88,001)
Consolidated total assets for the period/ year	**10,318,268**	10,428,476

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

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19. FINANCIAL INSTRUMENTS AT FAIR VALUE

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 period/year, the Group held the following financial instruments measured at fair value.

	Level 1	Level 2	Level 3	Total
As at June 30, 2018 (Reviewed)				
Assets measured at fair value				
Available-for-sale financial assets	264,611	-	2	264,613
Financial assets at fair value through profit or loss	307,221	-	-	307,221
Financial assets at fair value through other comprehensive income	18,740	-	-	18,740
	560,780	-	2	560,782
As at December 31, 2017 (Audited)				
Assets measured at fair value				
Available-for-sale financial assets	387,370	-	2	387,372
Financial assets at fair value through profit or loss	201,029	-	-	201,029
	588,399	-	2	588,401

During the reporting period/ year ended 30 June 2018 and 31 December 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

20. COMPARATIVE FIGURES

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