

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2015**

GULF INTERNATIONAL SERVICES Q.S.C.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the six month period ended June 30, 2015

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QR. 82543

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Board of Directors
Gulf International Services Q.S.C.
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf International Services Q.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group") as of June 30, 2015 and the related 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 certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting"- (IAS 34). 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 information 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 "Interim Financial Reporting".

Doha - Qatar
August 4, 2015

For Deloitte & Touche
Qatar Branch


Midhat Salha
Partner
License No. 257

GULF INTERNATIONAL SERVICES Q.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2015

	Notes	June 30, 2015 QR '000 (Reviewed)	December 31, 2014 QR '000 (Audited)	June 30, 2014 QR '000 (Reviewed) (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	7,110,792	7,037,488	5,984,639
Goodwill	4	313,026	313,026	312,990
Investment properties	6	750	1,125	1,125
Investment in joint ventures		--	--	619
Held-to-maturity financial assets	7	85,503	85,484	85,466
Available-for-sale financial assets	8	306,249	300,496	229,541
		<u>7,816,320</u>	<u>7,737,619</u>	<u>6,614,380</u>
Current assets				
Inventories		209,355	202,766	177,789
Due from related parties	17	543,306	634,452	519,138
Accounts receivable and prepayments	9	690,913	679,237	731,070
Insurance receivables		310,750	266,579	314,955
Financial assets at fair value through profit or loss	10	245,879	218,331	195,965
Bank balances and cash	11	1,083,106	1,087,281	1,112,919
		<u>3,083,309</u>	<u>3,088,646</u>	<u>3,051,836</u>
TOTAL ASSETS		<u><u>10,899,629</u></u>	<u><u>10,826,265</u></u>	<u><u>9,666,216</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	12	1,858,409	1,858,409	1,858,408
Legal reserve		286,538	286,538	196,985
General reserve		74,516	74,516	74,516
Foreign currency translation reserve		(291)	(349)	(316)
Fair value reserve		29,607	31,588	29,177
Retained earnings		1,510,308	1,927,027	1,371,150
Total equity		<u>3,759,087</u>	<u>4,177,729</u>	<u>3,529,920</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		70,611	64,402	55,745
Loans and borrowings	14	3,865,614	3,945,832	3,598,720
		<u>3,936,225</u>	<u>4,010,234</u>	<u>3,654,465</u>
Current liabilities				
Due to related parties	17	6,127	10,556	71,742
Accounts payable, insurance payables and accruals		1,808,219	1,718,891	1,812,041
Loans and borrowings	14	1,389,971	908,855	598,048
		<u>3,204,317</u>	<u>2,638,302</u>	<u>2,481,831</u>
Total liabilities		<u>7,140,542</u>	<u>6,648,536</u>	<u>6,136,296</u>
TOTAL EQUITY AND LIABILITIES		<u><u>10,899,629</u></u>	<u><u>10,826,265</u></u>	<u><u>9,666,216</u></u>



 Sheikh Khalid Bin Khalifa Al-Thani
 Chairman



 Suleiman Haidar Al-Haider
 Vice-Chairman

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GULF INTERNATIONAL SERVICES Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six month period ended June 30, 2015

	Notes	For the six month period ended June 30,	
		2015	2014
		QR '000 (Reviewed)	QR '000 (Reviewed) (Restated)
Revenue	15	2,294,485	1,595,274
Direct costs	16	(1,566,691)	(1,230,693)
GROSS PROFIT		727,794	364,581
Finance income		9,843	10,971
Net gain on financial assets at fair value through profit or loss		10,305	13,541
Other income		27,719	67,174
Share of profit from investment in joint ventures		--	100,405
Finance costs		(39,880)	(13,308)
General and administrative expenses		(130,375)	(83,602)
Gain from business combination		--	269,440
NET PROFIT FOR THE PERIOD		605,406	729,202
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value (loss)gain on available-for-sale financial assets		(1,981)	12,320
Net foreign exchange difference on translation of foreign operations		58	21
Other comprehensive (loss) / income for the period		(1,923)	12,341
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		603,483	741,543
Earnings per share			
Basic and diluted earnings per share	19	3.26	3.92

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF INTERNATIONAL SERVICES Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended June 30, 2015

	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 January 1, 2014 (Audited)	1,486,727	75,474	74,516	(337)	16,857	1,432,486	3,085,723
Total comprehensive income for the period- Restated	--	--	--	21	12,320	729,202	741,543
Net movement in reserves**	--	121,510	--	--	--	(121,510)	--
Issuance of bonus shares	371,682	--	--	--	--	(371,682)	--
Dividends paid (Note 13)	--	--	--	--	--	(297,346)	(297,346)
Balance at June 30, 2014 (Reviewed)- (Restated)	1,858,409	196,984	74,516	(316)	29,177	1,371,150	3,529,920
Balance at January 1, 2015 (Audited)	1,858,409	286,538	74,516	(349)	31,588	1,927,027	4,177,729
Total comprehensive income for the period	--	--	--	58	(1,981)	605,406	603,483
Dividends paid (Note 13)	--	--	--	--	--	(1,022,125)	(1,022,125)
Balance at June 30, 2015 (Reviewed)	1,858,409	286,538	74,516	(291)	29,607	1,510,308	3,759,087

* Legal reserve will be accounted for at the year-end.

** The additions on the legal reserve during period of 2014 resulted from the acquisition of the remaining 30% of Gulf Drilling International Limited Q.S.C. (GDI), which became a 100% subsidiary of the Company at that period.

GULF INTERNATIONAL SERVICES Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2015

	For the six month period ended June 30	
	2015 QR '000 (Reviewed)	2014 QR '000 (Reviewed) (Restated)
OPERATING ACTIVITIES		
Net profit for the period	605,406	729,202
Adjustments for:		
Depreciation	249,686	103,624
Employees' end of service benefits	10,323	7,503
Finance costs	39,880	13,308
Loss (gain) on disposal of property, plant and equipment	1,915	(675)
Loss on disposal of investment properties	375	--
Share of profit from investment in joint ventures	--	(100,384)
Net gain from disposal of financial investments	(12,405)	(37,019)
Amortisation of discount of held to maturity financial assets	(19)	--
Gain from business combination	--	(269,440)
Finance income	(9,843)	(10,971)
Operating profit before changes in working capital:	885,318	435,148
Inventories	(6,589)	(13,951)
Accounts and insurance receivables, prepayments and due from related parties	35,299	(16,638)
Accounts and insurance payables, accruals and due to related parties	84,957	33,143
Cash from operations	998,985	437,702
Employees' end of service benefits paid	(4,114)	(2,951)
Finance costs paid	(39,880)	(13,308)
Net cash from operating activities	954,991	421,443
INVESTING ACTIVITIES		
Proceeds from disposal of financial investments	32,171	96,017
Receipt of finance income	9,843	10,971
Receipt of dividends income from joint ventures	--	140,140
Proceeds from disposal of property, plant and equipment	--	695
Acquisition of financial investments	(55,048)	(41,561)
Net movement in term deposits with maturities in excess of three months	95,642	(75,023)
Acquisition of a subsidiary	--	(438,390)
Acquisition of property, plant and equipment	(324,905)	(458,190)
Net cash used in investing activities	(242,297)	(765,341)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	798,631	877,425
Repayments of loans and borrowings	(397,733)	(91,485)
Dividends paid	(1,022,125)	(297,346)
Net cash (used in)/from financing activities	(621,227)	488,594
Net increase in cash and cash equivalents	91,467	144,696
Cash and cash equivalents at beginning of period	599,134	508,586
CASH AND CASH EQUIVALENTS END OF PERIOD (Note 11)	690,601	653,282

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

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 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.

The interim condensed consolidated financial statements incorporate the interim condensed financial statements of the below stated direct subsidiaries as at the end of the reporting date:

		Country of incorporation	Percentage Of Holding June 30, 2015	Percentage Of Holding December 31, 2014
Al Koot Insurance & Reinsurance Company S.A.Q.	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Company Ltd. Q.S.C.	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company Q.S.C.	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited Q.S.C. (formerly a joint venture)	Subsidiary	Qatar	100%	100%

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

1. CORPORATE INFORMATION (CONTINUED)

Also, included in the interim condensed consolidated financial statements are the share of profit (loss) and other comprehensive income of the below joint venture company, using equity accounting:

		Country of incorporation	Percentage of Holding
United Helicharters Private Limited	Joint venture	India	36%

The interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2015 were authorised for issue by the Board of Directors on August 4, 2015.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six month period ended June 30, 2015 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" under the historical cost convention except for certain financial instruments which have been stated at fair value.

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, 2014. In addition, the results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

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, 2014 except for the adoption of new standards and interpretations effective as of January 1, 2015. However, they do not materially impact the interim condensed consolidated financial statements of the Group.

(i) Revised Standards

Effective for annual periods beginning on or after January 1, 2015.

- IAS 19 Defined Benefit Plans: Employee Contributions
(Amended)
- Annual IFRS 2: definition of 'vesting condition'.
Improvements IFRS 3: accounting for contingent consideration.
2010 - 2012 Cycle IFRS 8: aggregation of segments, reconciliation of segment assets.
IAS 16: proportionate restatement of accumulated depreciation on revaluation.
IAS 24: management entities
IAS 38: proportionate restatement of accumulated depreciation on revaluation
- Annual IFRS 3: scope exception for joint ventures.
Improvements IFRS 13: scope of the portfolio exception in paragraph 52.
2011 - 2013 Cycle IAS 40: interrelationship between IFRS 3 and IAS 40.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2014.

The interim condensed consolidated financial statements are prepared in Qatari Riyal and all values are rounded to the nearest thousands (QR'000) except when otherwise indicated.

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

3. BUSINESS COMBINATION**Acquisition of Gulf Drilling International Limited Q.S.C. ("GDI")**

On April 30, 2014, the Group acquired the remaining 30% shares of Gulf Drilling International Limited Q.S.C that resulted in 100% ownership. The objectives of the Company are to own or charter offshore jack up drilling rigs, land rigs, work over rigs, liftboats and accommodation barges and to provide drilling related services to oil and gas companies in Qatar and other countries in the region. The Group has obtained control over the subsidiary in accordance with the sale and purchase agreement, effective from May 1, 2014.

The Group accounted for the business combination in the interim condensed consolidated financial statement for the six month period ended June 30, 2014 using the book values as provisional fair values, as allowed by IFRS 3 "Business Combinations". As at June 30, 2014 the Company had not finalized the Purchase Price Allocation (PPA) for the business combination, given it is allowed to be finalized within one year period from the date of the business combination ("measurement period") to reflect the facts and circumstances that existed as of the acquisition date.

Prior to the year ended December 31, 2014, the Group has finalized the Purchase Price Allocation (PPA) to identify separately the intangible assets and bargain purchase arising from the acquisition, whereby it considered all the acquired assets and assumed liabilities at book values, except the values of the rigs and machinery which are included in the property, plant and equipment at fair values at the date of acquisition, with no derived value of intangibles. As a result of the PPA, the fair values of the identifiable assets and liabilities of Gulf Drilling International Limited Q.S.C. were concluded and the calculation of bargain purchase from the acquisition was as follows:

	Carrying amounts immediately prior to the acquisition	Fair value adjustment	Fair value immediately prior to the acquisition
	QR'000	QR'000	QR'000
Assets			
Property, plant and equipment	4,396,999	269,440	4,666,439
Inventories	84,295	--	84,295
Due from related parties	161,697	--	161,697
Accounts receivable and prepayments	158,924	--	158,924
Bank balances and cash	145,541	--	145,541
	<u>4,947,456</u>	<u>269,440</u>	<u>5,216,896</u>
Liabilities			
Loans	2,802,671	--	2,802,671
Employees' end of service benefits	10,780	--	10,780
Due to related parties	26,366	--	26,366
Accounts payable and accruals	186,571	--	186,571
	<u>3,026,388</u>	<u>--</u>	<u>3,026,388</u>
	<u>1,921,068</u>	<u>269,440</u>	<u>2,190,508</u>
Fair value of 30% of the acquired stake			657,152
Less: Cost of business combination			<u>573,972</u>
Bargain purchase from the acquisition			<u>83,180</u>

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

3. BUSINESS COMBINATION (CONTINUED)**Acquisition of Gulf Drilling International Limited Q.S.C. ("GDI") (continued)***Notes:*

(a) The Group has recognized a gain amounting to QR. 186,260 thousands which represents the excess of the fair value of previously held equity in GDI (i.e 70%) over that stake which were recorded at book value at the date of acquisition.

(b) Total gain from business combination is calculated as follows:

	QR'000
Bargain purchase gain from the acquisition	83,180
Gain from the fair value of previously held equity (b)	186,260
	<u>269,440</u>

As such, the Group has restated the interim condensed consolidated financial statements for the six month period ended June 30, 2014 to adjust the provisional amounts recognised at the acquisition date in accordance to IFRS 3 "Business Combinations".

4. GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The allocations of the carrying amounts of goodwill to the Group's CGU's (the subsidiary companies) are as follows:

	June 30, 2015 QR '000 (Reviewed)	December 31, 2014 QR '000 (Audited)
Amwaj Catering Services Company Ltd. Q.S.C.	303,559	303,559
Redstar Havacılık Hizmetleri A.Ş	9,467	9,467
	<u>313,026</u>	<u>313,026</u>

5. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2015 QR '000 (Reviewed)	December 31, 2014 QR '000 (Audited)	June 30, 2015 QR '000 (Reviewed) (Restated)
As at January 1, (Net book value)	7,037,488	963,184	963,184
Acquisition through business combination	--	4,666,439	4,666,909
Additions	324,905	1,768,011	458,190
Disposals / write-offs	(1,915)	(178)	(20)
Depreciation during the period / year*	<u>(249,686)</u>	<u>(359,968)</u>	<u>(103,624)</u>
As at June 30 / December 31, (Net book value)	<u>7,110,792</u>	<u>7,037,488</u>	<u>5,984,639</u>

*This includes the depreciation of the fair value of the rigs and machinery acquired from Gulf Drilling International Limited Q.S.C.

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

6. INVESTMENT PROPERTIES

	Land QR '000	Buildings QR '000	Total QR '000
Cost			
At June 30, 2015	<u>750</u>	<u>2,192</u>	<u>2,942</u>
Accumulated depreciation:			
At June 30, 2015	<u>--</u>	<u>2,192</u>	<u>2,192</u>
Net carrying amounts at June 30, 2015 (Reviewed)	<u>750</u>	<u>--</u>	<u>750</u>
Net carrying amounts at December 31, 2014 (Audited)	<u>1,125</u>	<u>--</u>	<u>1,125</u>

7. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2015 QR '000 (Reviewed)	December 31, 2014 QR '000 (Audited)
Debt securities	<u>85,503</u>	<u>85,484</u>

At June 30, 2015, the fair value of held-to-maturity financial assets amounted to QR. 90 million (December 31, 2014: QR. 89.6 million).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2015 QR '000 (Reviewed)	December 31, 2014 QR '000 (Audited)
Quoted equity investments in Qatari public shareholding companies	306,247	300,494
Unquoted securities	<u>2</u>	<u>2</u>
	<u>306,249</u>	<u>300,496</u>
At cost	276,640	268,908
Net movement in fair value of investments	<u>29,609</u>	<u>31,588</u>
	<u>306,249</u>	<u>300,496</u>

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	June 30, 2015 QR '000 (Reviewed)	December 31, 2014 QR '000 (Audited)
Accounts receivable	563,659	583,357
Prepayments and other debit balances	<u>127,254</u>	<u>95,880</u>
	<u>690,913</u>	<u>679,237</u>

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2015	December 31, 2014
	QR '000	QR '000
	(Reviewed)	(Audited)
Held for trading (i)	219,764	184,510
Designated as fair value through profit or loss (ii)	26,115	33,821
	245,879	218,331

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

(ii) The Group invested in bonds linked to equity index and these have been designated as financial asset through profit and loss because of inability to separate the embedded derivative from the host contract either at acquisition date or at a subsequent financial reporting date, hence the entire combined contract has been classified as financial asset through profit or loss.

11. CASH AND CASH EQUIVALENTS

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprised of the following:

	June 30, 2015	December 31, 2014
	QR'000	QR'000
	(Reviewed)	(Audited)
Cash at bank and in hand	607,671	306,322
Fixed deposits – less than three months	82,930	292,812
Fixed deposits – more than three months	392,505	488,147
Bank balances and cash	1,083,106	1,087,281
Less: Fixed deposits – more than three months	(392,505)	(488,147)
	690,601	599,134

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

12. SHARE CAPITAL

	June 30, 2015	December 31, 2014
	QR '000 (Reviewed)	QR '000 (Audited)
<i>Issued and paid up capital</i>		
185,840,868 ordinary shares of QR. 10 each		
(December 31, 2014: 185,840,868 ordinary shares of QR. 10 each)		
	1,858,409	1,858,409

As at June 30, 2015, the share capital as per the Company's records amounted to QR. 1,858,409 thousands and based on the commercial registration, the share capital is QR. 1,486,727 thousands. The Company is in progress to reflect the new amount of share capital in the commercial registration as of the reporting date.

	June 30, 2015	December 31, 2014
	(Reviewed) No. of shares	(Audited) No. of shares
Balance at the beginning of the period	185,840,868	148,672,695
Bonus share issue	--	37,168,173
Balance at the end of the period	185,840,868	185,840,868

13. DIVIDENDS

The Annual General Assembly meeting held on February 18, 2015 approved cash dividends in respect of the year ended December 31, 2014 of QR. 5.5 per share (2013: QR. 2 per share), amounting to a total of QR. 1,022 million (2013: QR. 297.3 million).

14. LOANS AND BORROWINGS

	June 30, 2015	December 31, 2014
	QR '000 (Reviewed)	QR '000 (Audited)
Various borrowings (i)	4,612,518	4,150,927
Islamic Financing (ii)	371,280	412,560
Islamic Financing (iii)	271,787	291,200
	5,255,585	4,854,687

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

Non-current portion	3,865,614	3,945,832
Current portion	1,389,971	908,855
	5,255,585	4,854,687

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

14. LOANS AND BORROWINGS (CONTINUED)

Notes:

- (i) On June 30, 2015 the borrowings were related to the Company and its subsidiaries companies, Gulf Helicopters Company Q.S.C. and Gulf Drilling International Q.S.C. These companies have entered into various borrowing arrangements with different banks. All facilities in this regard bear interest rates varying between LIBOR plus 0.45% and LIBOR plus 1.75%. The loans are to be repaid in quarterly installments and are unsecured.
- (ii) On May 23, 2012, the Group obtained a syndicated Murabaha facility of US\$ 170 million from a consortium of lenders to finance the acquisition of Amwaj Catering Services. The effective profit rate is LIBOR plus 1.35%. The loan is repayable in 15 semi-annual installments and is unsecured.
- (iii) On April 20, 2014, the Group obtained a syndicated Murabaha facility of US\$ 80 million from an Islamic Bank located in Qatar, along with the additional amount of US\$ 80 million which was included in the various borrowings above (paragraph (i)), to finance the acquisition of the additional 30% of Gulf Drilling International Q.S.C. The effective profit rate is LIBOR plus 1.45%. The loan is repayable in 15 semi-annual installments and is unsecured.

15. REVENUE

	For the six month period ended June 30,	
	2015 QR '000 (Reviewed)	2014 QR '000 (Reviewed)
Gross insurance revenue (a)	335,159	380,325
Revenue from aviation	327,054	320,040
Revenue from catering services	560,490	548,439
Revenue from drilling	1,071,782	346,470
	<u>2,294,485</u>	<u>1,595,274</u>

Note (a):

	For the six month period ended June 30,	
	2015 QR '000 (Reviewed)	2014 QR '000 (Reviewed)
Gross premium	290,603	330,092
Movement in unearned premium, gross	17,314	20,015
Net commission income	27,242	30,218
Gross insurance revenue	<u>335,159</u>	<u>380,325</u>

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16. DIRECT COSTS

	For the six month period ended June 30,	
	2015 QR '000 (Reviewed)	2014 QR '000 (Reviewed) (Restated)
Gross insurance expense (a)	300,303	386,230
Direct cost from aviation	205,024	197,218
Direct cost from catering services	484,059	460,752
Direct cost from drilling	577,305	186,493
	<u>1,566,691</u>	<u>1,230,693</u>

Note (a):

	For the six month period ended June 30,	
	2015 QR '000 (Reviewed)	2014 QR '000 (Reviewed)
Reinsurance cession	124,508	147,625
Movement in unearned premium, reinsurance	11,569	3,080
Net claims incurred	161,810	233,328
Brokerage cost	2,416	2,197
Gross insurance expense	<u>300,303</u>	<u>386,230</u>

17. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

	For the six month period ended June 30,	
	2015 QR '000 (Reviewed)	2014 QR '000 (Reviewed)
Revenue	<u>785,005</u>	<u>658,377</u>
Direct and other operating expenses	<u>132,031</u>	<u>130,662</u>
Other income	<u>23,941</u>	<u>34,423</u>

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For the six month period ended June 30, 2015

17. RELATED PARTY DISCLOSURES (CONTINUED)

	June 30, 2015		December 31, 2014	
	(Reviewed)		(Audited)	
	Receivables	Payables	Receivables	Payables
	QR'000	QR'000	QR'000	QR'000
Qatar Petroleum and other related parties	<u>543,306</u>	<u>6,127</u>	<u>634,452</u>	<u>10,556</u>

	For the six month period ended June 30,	
	2015	2014
	QR'000	QR'000
	(Reviewed)	(Reviewed)
<i>Compensation of key management personnel</i>		
Salaries and other benefits (including director's fees)	<u>19,837</u>	<u>20,125</u>

18. CONTINGENCIES AND COMMITMENTS

	June 30, 2015	December 31, 2014
	QR'000	QR'000
	(Reviewed)	(Audited)
<i>Contingent liabilities:</i>		
Guarantees against performance bonds	<u>165,008</u>	<u>105,718</u>

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

	June 30, 2015	December 31, 2014
	QR'000	QR'000
	(Reviewed)	(Audited)
<i>Commitments:</i>		
Capital commitments	<u>1,157,142</u>	<u>1,335,392</u>

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six month period ended June 30, 2015

19. 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.

	For the six month period ended June 30,	
	2015 (Reviewed)	2014 (Reviewed) (Restated)
Profit for the period (QR'000)	<u>605,406</u>	<u>729,202</u>
Adjusted weighted average number of equity shares	<u>185,840,868</u>	<u>185,840,868</u>
Basic and diluted earnings per share (QR)	<u>3.26</u>	<u>3.92</u>

20. 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). The aviation segment includes the information relating to Gulf Helicopters Company's joint venture "United Helicharters Private Limited" and its subsidiary.
- 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.

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

20. OPERATING SEGMENTS (CONTINUED)

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

For the six month period ended and as at June 30, 2015
(Reviewed)

	Insurance QR'000	Aviation QR'000	Catering QR'000	Drilling QR'000	Total QR'000
Total external revenue	335,159	327,054	583,460	1,071,782	2,317,455
Inter-segment revenue	--	--	(22,970)	--	(22,970)
Net revenue	<u>335,159</u>	<u>327,054</u>	<u>560,490</u>	<u>1,071,782</u>	<u>2,294,485</u>
Net profit	<u>66,558</u>	<u>108,656</u>	<u>73,795</u>	<u>381,261</u>	<u>630,270</u>
Total assets	<u>1,682,974</u>	<u>1,633,166</u>	<u>624,113</u>	<u>6,341,338</u>	<u>10,281,591</u>

For the six month period ended and as at June 30, 2014
(Reviewed)

	Insurance QR'000	Aviation QR'000	Catering QR'000	Drilling QR'000	Total QR'000
Total external revenue	381,101	320,040	548,750	697,581	1,947,472
Inter-segment revenue	(776)	--	(311)	--	(1,087)
Net revenue	<u>380,325</u>	<u>320,040</u>	<u>548,439</u>	<u>697,581</u>	<u>1,946,385</u>
Net profit	<u>56,862</u>	<u>121,497</u>	<u>67,708</u>	<u>241,164</u>	<u>487,231</u>
Total assets (At December 31, 2014) (Audited)	<u>1,619,439</u>	<u>1,702,995</u>	<u>597,121</u>	<u>6,234,449</u>	<u>10,154,004</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2015

20. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segments profit or loss

	For the six month period ended June 30,	
	2015	2014
	QR'000	QR'000
	(Reviewed)	(Reviewed)
		(Restated)
Total profit for reportable segments	630,270	487,231
Other un-allocable profit or loss (represents profit or loss of parent company including dividends from the subsidiaries and joint ventures)	1,060,135	415,409
Profit on bargain purchase price and related additional depreciation	--	265,484
Elimination of dividends paid to parent company by subsidiaries	(1,072,868)	(431,058)
Other adjustments	(12,131)	(7,864)
Consolidated profit for the period	605,406	729,202

	June 30, 2015	December 31, 2014
	QR'000	QR'000
	(Reviewed)	(Audited)
Reconciliation of reportable segments total assets		
Total assets for reportable segments	10,281,591	10,154,004
Other un-allocable assets	2,972,057	2,756,156
Elimination of investments in subsidiaries	(2,270,839)	(2,270,839)
Assets relating to purchase price allocation	--	253,616
Elimination of inter-segment assets	(83,180)	(59,356)
Assets relating to joint ventures	--	(7,316)
Consolidated total assets for the period/year	10,899,629	10,826,265

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss or total assets since December 31, 2014.

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

21. FINANCIAL INSTRUMENTS AT FAIR VALUE

The fair value of financial instruments approximates their carrying values.

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

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.

	Level 1	Level 2	Level 3	Total
	QR'000	QR'000	QR'000	QR'000
<i>As at June 30, 2015 (Reviewed)</i>				
Assets measured at fair value				
Available-for-sale financial assets	306,247	--	2	306,249
Financial assets at fair value through profit or loss	219,764	26,115	--	245,879
	526,011	26,115	2	552,128
<i>As at December 31, 2014 (Audited)</i>				
Assets measured at fair value				
Available-for-sale financial assets	300,494	--	2	300,496
Financial assets at fair value through profit or loss	184,510	33,821	--	218,331
	485,004	33,821	2	518,827

During the reporting period/year ended June 30, 2015 and December 31, 2014, 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.

22. PRIOR PERIOD ADJUSTMENT

As mentioned in Note 3 of these interim condensed consolidated financial statements, the Group has restated the interim condensed consolidated financial statements for the six month period ended June 30, 2014 to adjust the provisional amounts of the acquired net assets recognised from the acquisition of the remaining 30% shares of Gulf Drilling International Limited Q.S.C. The effects of prior period adjustments in the interim condensed consolidated financial statements are as follows:

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2015

22. PRIOR YEAR ADJUSTMENT (CONTINUED)

(a) Restatements on the reviewed interim condensed consolidated statement of financial position as at June 30, 2014 are as follows:

	June 30, 2014 (as previously reported)	Adjustments related to PPA	June 30, 2014 (Restated)
	QR'000	QR'000	QR'000
Non-current assets	6,348,896	265,484	6,614,380
Current assets	3,051,836	--	3,051,836
Net assets/equity	3,264,436	265,484	3,529,920
Non-current liabilities	3,654,465	--	3,654,465
Current liabilities	2,481,831	--	2,481,831

(b) Restatements on the reviewed interim condensed consolidated statements of profit or loss, changes in equity and cash flows for the six month period ended June 30, 2014 are as follows:

	For the six month period ended June 30, 2014
Impact on interim condensed consolidated statement of profit or loss:	
Increase in gain from business combination	269,440
Increase of depreciation resulted from business combination- Direct costs	(3,956)
Net impact on the net profit for the period	265,484
Impact on interim condensed consolidated statement of changes in equity:	
Increase in retained earnings	265,484
Impact on interim condensed consolidated statement of cash flows	
Operating profit before changes in working capital	(265,484)

23. SUBSEQUENT EVENT

One of the Group's subsidiaries, Gulf Drilling International Limited Q.S.C. liftboat, Rumailah, had a punch through while being positioned in the Al Shaheen field on July 5, 2015. The vessel is in the process of being taken to a shipyard for repairs and maintenance. The estimated financial effect of this event cannot be quantified at this time but the Company is carrying insurance that is thought to be sufficient under the circumstances to cover the repairs and maintenance that will be required to return the vessel to service.