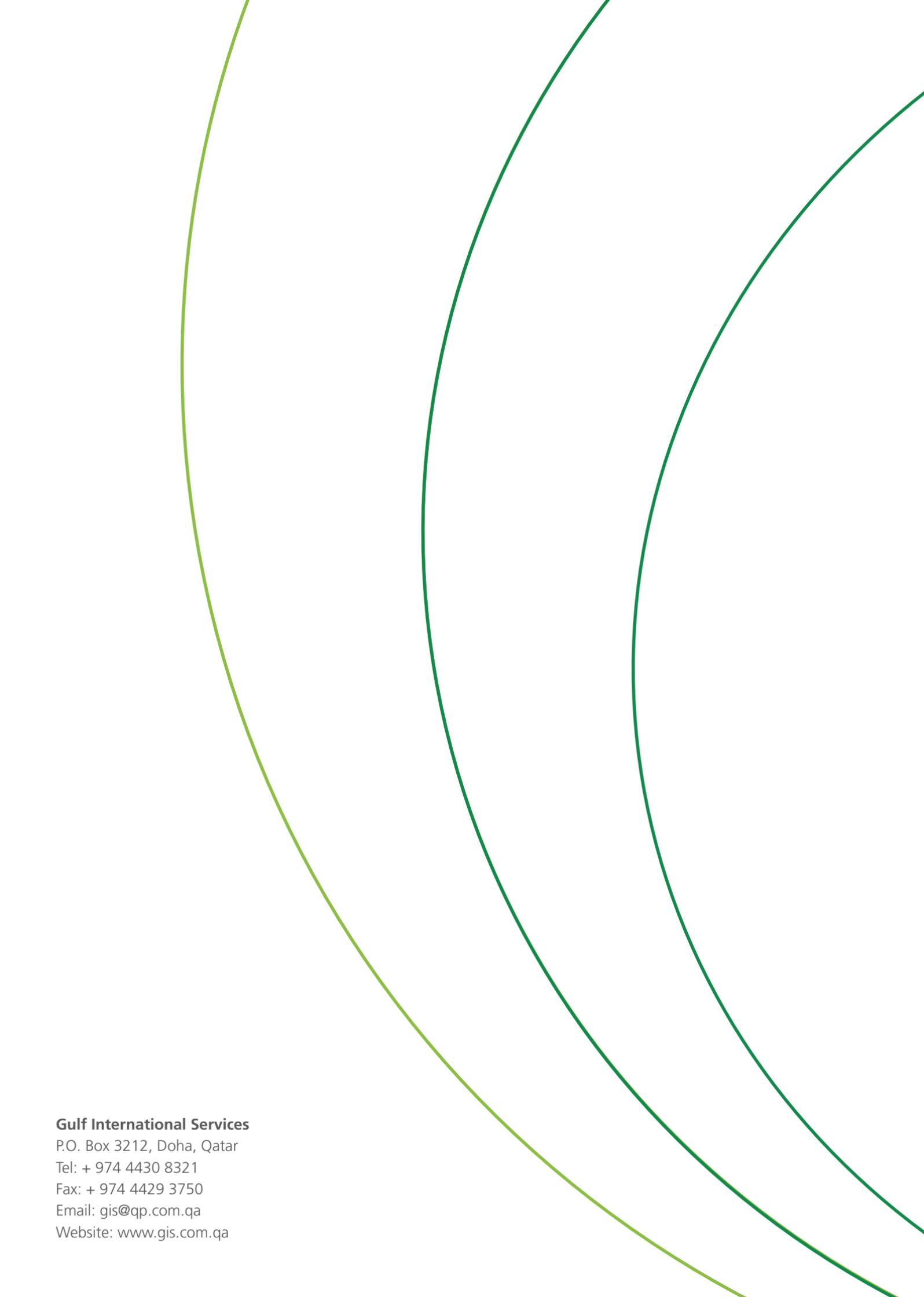


Gulf International Services
2011 Annual Report



الخليج الدولية للخدمات ش.م.ق
Gulf International Services usc



Gulf International Services

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“Gulf International Services
offers shareholders an
exciting opportunity
to invest in yet
another aspect of Qatar’s
oil and gas industry.

H.E. Dr. Mohamed Bin Saleh Al-Sada

Minister of Energy & Industry, State of Qatar.

Chairman and Managing Director, Board of Directors.



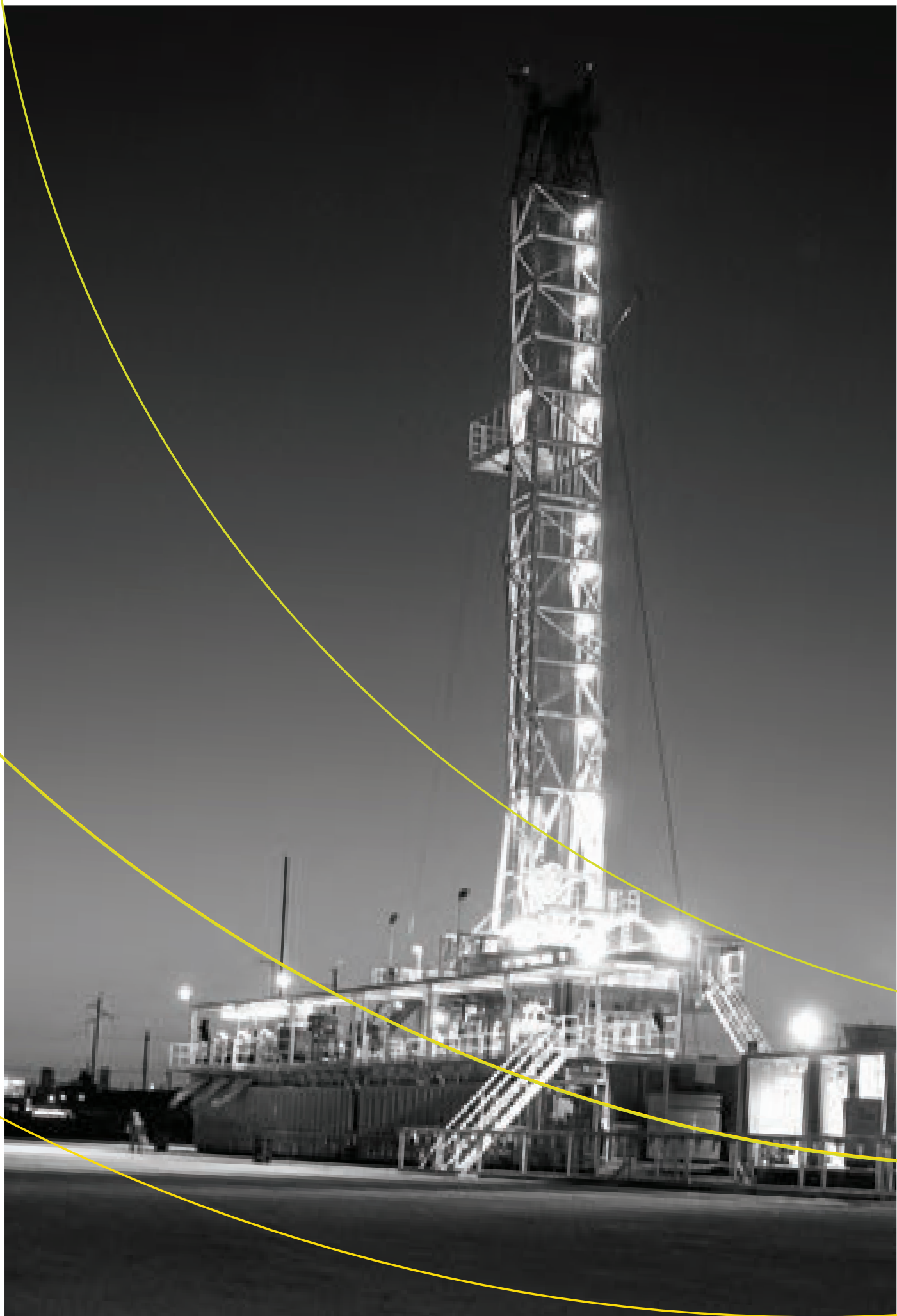


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H.H. Sheikh Hamad Bin Khalifa Al-Thani
The Emir of the State of Qatar



H.H. Sheikh Tamim Bin Hamad Al-Thani
The Heir Apparent





“The **GIS** group
of companies is unique
in the Middle East;
no other group brings
together such diverse
and critical oil and gas
support services.

Saeed Mubarak Al-Muhannadi

Chairman, Board of Directors,
Gulf Helicopters Company.
Vice-Chairman, Board of Directors.





ABOUT GULF INTERNATIONAL SERVICES

Gulf International Services Q.S.C. was incorporated as a Qatari joint stock company on February 12, 2008 by Resolution Number 42 of 2008 of the State of Qatar's Ministry of Economy and Commerce, pursuant to its Memorandum and Articles of Association and Law Number 5 of 2002 concerning Commercial Companies. The authorised share capital is QR 2 billion with the issued share capital consisting of 135.2 million ordinary shares and 1 special share.

The group head office is located at Qatar Petroleum Head Office, West Bay, P.O. Box 3212, Doha, State of Qatar. Through the group companies, GIS operates in three distinct segments - insurance and reinsurance, drilling and helicopter transportation services.

Head Office Functions & Management Structure

Qatar Petroleum, the largest shareholder, provides all of the head office functions for GIS through a comprehensive service directive. The operations of the subsidiaries and joint venture remain independently managed by their respective Boards of Directors and senior management teams.

INSURANCE AND REINSURANCE

Al Koot Insurance And Reinsurance S.A.Q.

Incorporated in 2003, it is currently a wholly-owned subsidiary of GIS. Al Koot's authorised share capital is QR 500 million with its paid-in capital currently QR 218.6 million.

The registered head office is located at Al Maha Building, Bin Omran, P.O. Box 24563, Doha, State of Qatar. Total headcount is 57, with all staff based at the head office.

Services

Prior to its acquisition by GIS, Al Koot was the captive insurance company of Qatar Petroleum and hence was established with the primary aim of providing insurance and reinsurance services to QP and its business ventures. Although no longer a direct subsidiary of QP, Al Koot still provides a de facto captive insurance service to the QP group.

The group's services are principally provided within the construction, operations, marine and medical insurance and reinsurance fields. The group's insurance and reinsurance services are of 3 different types:

- **Insurance**

Insurance services, which are provided only to the QP group, consist of direct underwriting services and insurance advisory services, with directly underwritten risks being either fully or partially insured.

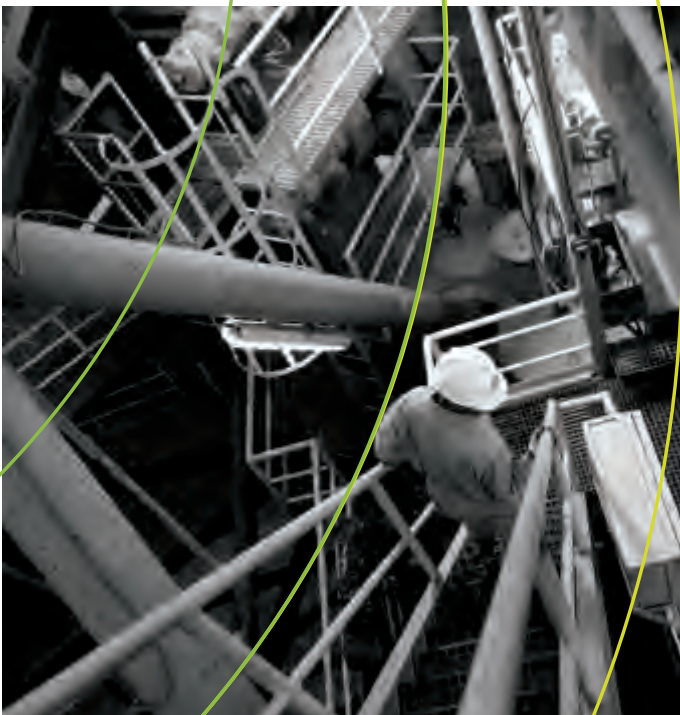
- **Reinsurance**

As a reinsurer, Al Koot will not directly insure risks, but will reinsure a portion of risk a third party insurer has itself assumed. By arrangement, the company is entitled to match winning local reinsurance bids offered to QP and thereby assume a defined percentage of the risk.

- **Fund Management**

Al Koot manages the administration of claims of a QP group life and personal accident fund that provides death and disability insurance benefits to QP employees.

Currently, there are no plans to enter new insurance or reinsurance markets or segments, to increase or decrease Al Koot's percentage interest in reinsurance risks or to reduce the company's historical captive insurer role.



DRILLING SERVICES

Gulf Drilling International Q.S.C.

GDI was incorporated in 2004 as a joint venture between Qatar Petroleum (60%) and Japan Drilling Company (40%). Subsequent to exercising a share option provision within the joint venture agreement, QP increased its stake to 69.99% and then transferred this shareholding to GIS. GDI has no subsidiaries or associates, and is not party to any subordinate joint venture arrangements. The company's authorised and issued share capital is QR 375.7 million.

The registered head office is located at Main Airport Road, Building 4718, P.O. Box 9072, Doha, State of Qatar. Total headcount is 855, split between head office, onshore and offshore staff.

Services

GDI has direct ownership of 9 drilling rigs (5 offshore, 4 onshore), which are used to drill wells suitable for oil and natural gas extraction, and 1 jack-up accommodation barge. The drilling process typically consists of drilling boreholes to varying depths, sampling sub-surface formation reservoir fluids to determine economic feasibility of production, and then installing pipes and instruments to produce reservoir fluids. GDI maintains a close relationship with QP due to QP's indirect ownership; hence most of GDI's rigs are contracted to QP or QP affiliates.

• Offshore Rigs

GDI has 5 offshore 'jack-up' rigs of varying ages. Of them, Al-Doha (previously named 'Gulf-1' and 'Hakuryu-8'), was built in 1981 and modified in 1987, and Al-Rayyan (previously named 'Gulf-2' and 'Ensco 55') was built in 1982, purchased by GDI in 2005 and underwent extensive shipyard work in 2010 for upgrades, refurbishment and repairs. Al-Wajba (previously named 'Gulf-3') was built in 1977 and underwent a complete refurbishment in 2006, while Al-Khor and Al-Zubarah are both brand new, state of the art rigs. The older rigs have a maximum drilling depth of 6,000 meters, while the new rigs are rated for 9,000 meters.

• Onshore Rigs

The company operates 4 onshore rigs. GDI-1 and GDI-2 were built in the early 1980's and acquired by GDI from their previous owners. GDI-3 (work over rig) was purchased new in 2008 to replace a previously leased unit, while GDI-4 was built and placed into service in 2006. All of these rigs are rated to a maximum drilling depth of between 3,000 meters and 4,500 meters.



HELICOPTER TRANSPORTATION SERVICES

Gulf Helicopters Company Q.S.C.

Originally incorporated in 1970 under the name of Gulf Helicopters Limited as a subsidiary of British Overseas Airways Corporation, the company was subsequently acquired by Gulf Air, and then sold to Qatar Petroleum in 1998. QP transferred its 100% shareholding to GIS in 2008. GHC has one subsidiary, Al Maha Aviation Company, in which it has a 92% stake and effective control over the remainder, a deemed 36% investment in an associate, United Helicharters Private Limited (incorporated in India), and one branch office located in West Sussex, United Kingdom. The company's authorised and issued share capital is QR 66 million.

The registered head office is located at Ras Abu Aboud Street, P.O. Box 811, Doha, State of Qatar. Total headcount is 363, split between operations, engineering and administration.

Licenses

GHC holds an Air Operators Certificate issued by the Qatar Civil Aviation Authority. The company is recognised by the United States Federal Aviation Authority as an approved repair station and as a maintenance organization by both the European Aviation Safety Agency and the Qatar Civil Aviation Authority. GHC, through its Libyan subsidiary Al Maha, is registered with the Libyan Civil Aviation Authority and is currently in the process of applying for an Air Operators Certificate. Within Qatar, GHC operates as the sole provider of helicopter transportation services.

Services

The company's core operational activities consist of a variety of helicopter transportation services, including offshore / onshore transporting, long- and short-line load lifting, seismic support, VIP executive transport, helicopter emergency medical services and ad-hoc short-term contracts. Remaining revenue consists of residential rental income and income from its UK procurement branch.

Fleet

GHC owns 38 helicopters and has under its registration 2 helicopters for the beneficial ownership of the Supreme Council of Health, State of Qatar. The majority of these helicopters are twin-engine Bell 412 or 212 class helicopters, with a seating capacity of 13 persons. The company also has 13 twin-engine Augusta Westland 139 helicopters, which can carry between 12 and 15 passengers.







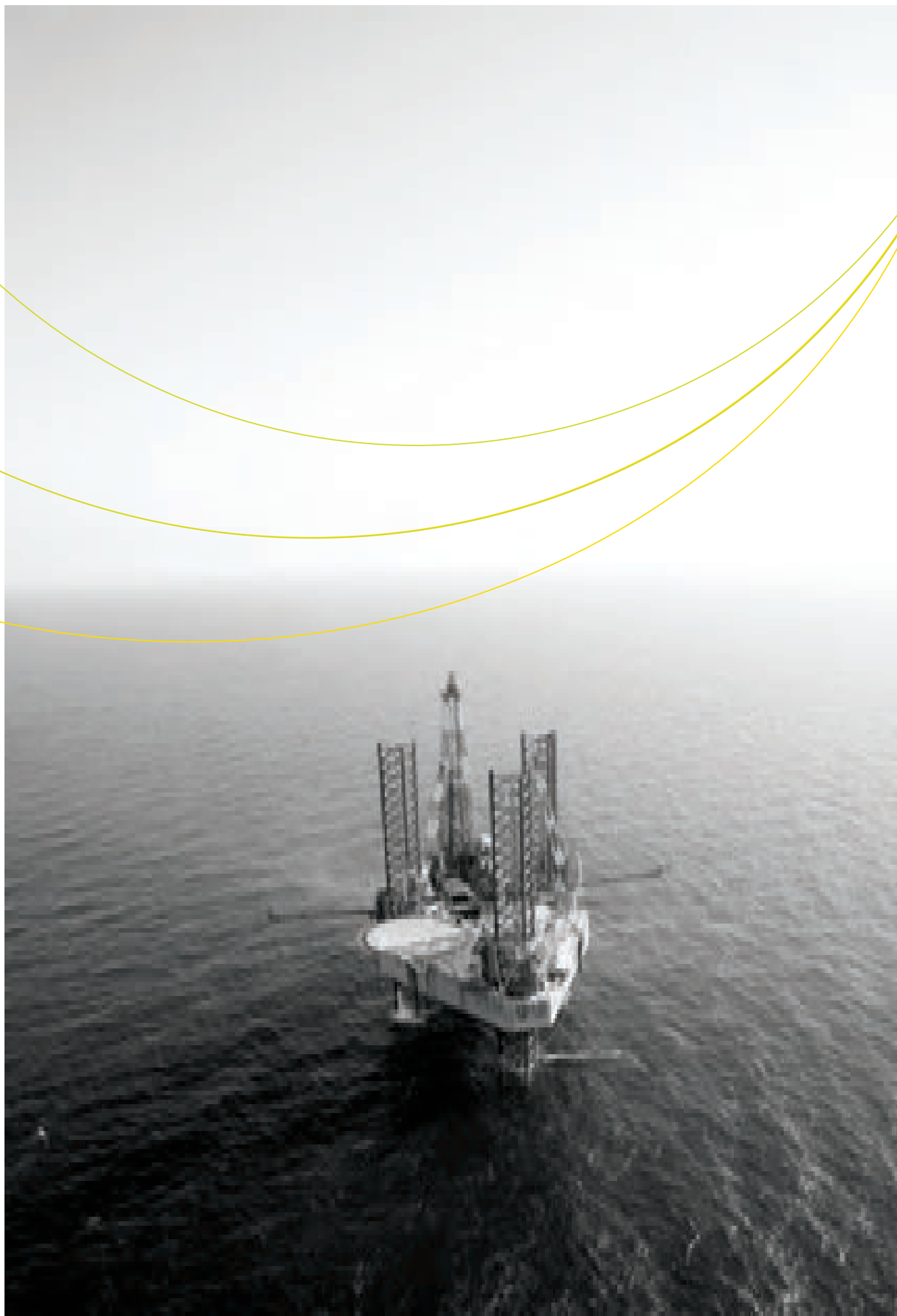


“Our **Group**
companies all possess
strong competitive
advantages that will
continue to serve us and
our shareholders.

Ahmad Saif Al-Sulaiti

Member, Board of Directors,
Gulf Helicopters Company.
Member, Board of Directors.





BOARD OF DIRECTORS



H.E. Dr. Mohamed Bin Saleh Al-Sada
Minister of Energy & Industry, State of Qatar.
Chairman and Managing Director, Board of Directors.



Saeed Mubarak Al-Muhannadi
Vice-Chairman, Board of Directors.



Abdulaziz Ahmad Al-Malki
Member, Board of Directors.



Ahmad Saif Al-Sulaiti
Member, Board of Directors.



Ahmad Rafee Al-Emadi
Member, Board of Directors.



Ibrahim Jassim Al-Othman
Member, Board of Directors.



Mohamed Ibrahim Al-Mohannadi
Member, Board of Directors.



“The **Qatar National Vision 2030**, with its aim of developing the State of Qatar into an advanced society is important to GIS, and the group is pleased to be a partner in achieving its lofty goals.

Abdulaziz Ahmad Al-Malki
Member, Board of Directors.



CHAIRMAN'S MESSAGE



H.E. Dr. Mohamed Bin Saleh Al-Sada

Minister of Energy & Industry,
Chairman and Managing Director.

Introduction

I am pleased to welcome you to the 4th Annual General Assembly Meeting of Gulf International Services, Qatar's premier service group dedicated to the oil and gas industry. Despite the tough financial and operational conditions in which the group operated in during 2011, revenue for the year totalled QR 1.5 billion and net profit totalled QR 0.3 billion.

Unique Competitive Advantages

GIS was established in 2008 with the aim of bringing together some of the State's key oil and gas support service companies within one group. The group that was formed was, and still is, unique to the Middle East and, due to its strong competitive advantages and financial fundamentals, offers shareholders an exciting opportunity to invest in another aspect of Qatar's oil and gas industry.

In the Aviation segment, the main competitive advantages enjoyed by the group include possession of the sole Air Operators Charter for helicopters to fly in Qatari skies, a fleet of state-of-the-art aircraft, a well-established maintenance and commercial base in the State of Qatar, and an enviable safety record. The group's aviation subsidiary currently has operations in several different markets, including Yemen, Saudi Arabia and even as far afield as India.

The group's drilling joint venture is advantaged by being the region's only Qatari-controlled and operated drilling company. It is uniquely advantaged by this status and its previous direct ownership by Qatar Petroleum, as well as its extensive experience of operating in Qatari waters with the other major oil and gas exploration companies. Tellingly, the drilling joint venture enjoys 100% market share for onshore operations, and full utilisation of its five offshore jack-up rigs.

However, it is in the Insurance segment that the group's most endearing competitive advantages are apparent. The group's Insurance subsidiary is the captive insurer of the State of Qatar's largest and most critical industrial group, the Qatar Petroleum group of companies. Furthermore, the subsidiary has secured a significant first-mover advantage by partnering with a globally-recognised and experienced service provider, AXA, to market a corporate medical insurance scheme. As at the end of 2011, circa 97,000 members are covered by this medical scheme, making it by far the largest such scheme in the State of Qatar.

Finally, and most importantly, the group is advantaged by being based in one of the world's fastest growing economies with a stable and supportive government under the wise leadership of His Highness the Emir, Sheikh Hamad bin Khalifa Al-Thani.

Financial Fundamentals

The group also possesses strong financial fundamentals, the most important of which are consistently high cash generation rates, moderate debt ratios and healthy free cash flows. These financial metrics are essential to maintaining or improving the group's ongoing liquidity, capital investment levels and, ultimately profitability.

Ongoing Capital Investment Initiatives

The group has a number of ambitious capital investment initiatives designed to both increase and diversify the group's revenue streams, and improve profitability.

- Agreements were signed during 2011 to purchase 2 new, purpose-built, offshore jack-up rigs, 1 used offshore rig that will be refurbished as an accommodation barge, and 2 new, onshore rigs.
- Over the coming decade, Gulf Helicopters Company expects to expand its fleet from 40 to over 70 helicopters to support future requirements including further diversification into emergency medical services, firefighting, aerial photography, executive transport, and to establish a regional service hub for major helicopter manufacturers.

Business Plan

Key highlights from the group's strategic business plan for the coming five years include the expectation that by 2016, revenue will exceed QR 2.2 billion, net profit to reach QR 0.6 billion and net assets to total almost QR 4.7 billion.

Conclusion

In conclusion, I would like to express my gratitude to His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar, for his wise guidance and strategic vision, and at the same time thank His Highness Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent, for his continuous support to the group, the group's shareholders for their valuable confidence and continuous support, and to the senior management and employees of the group companies for their devotion and dedication that led to the success of Gulf International Services.

Thank you.



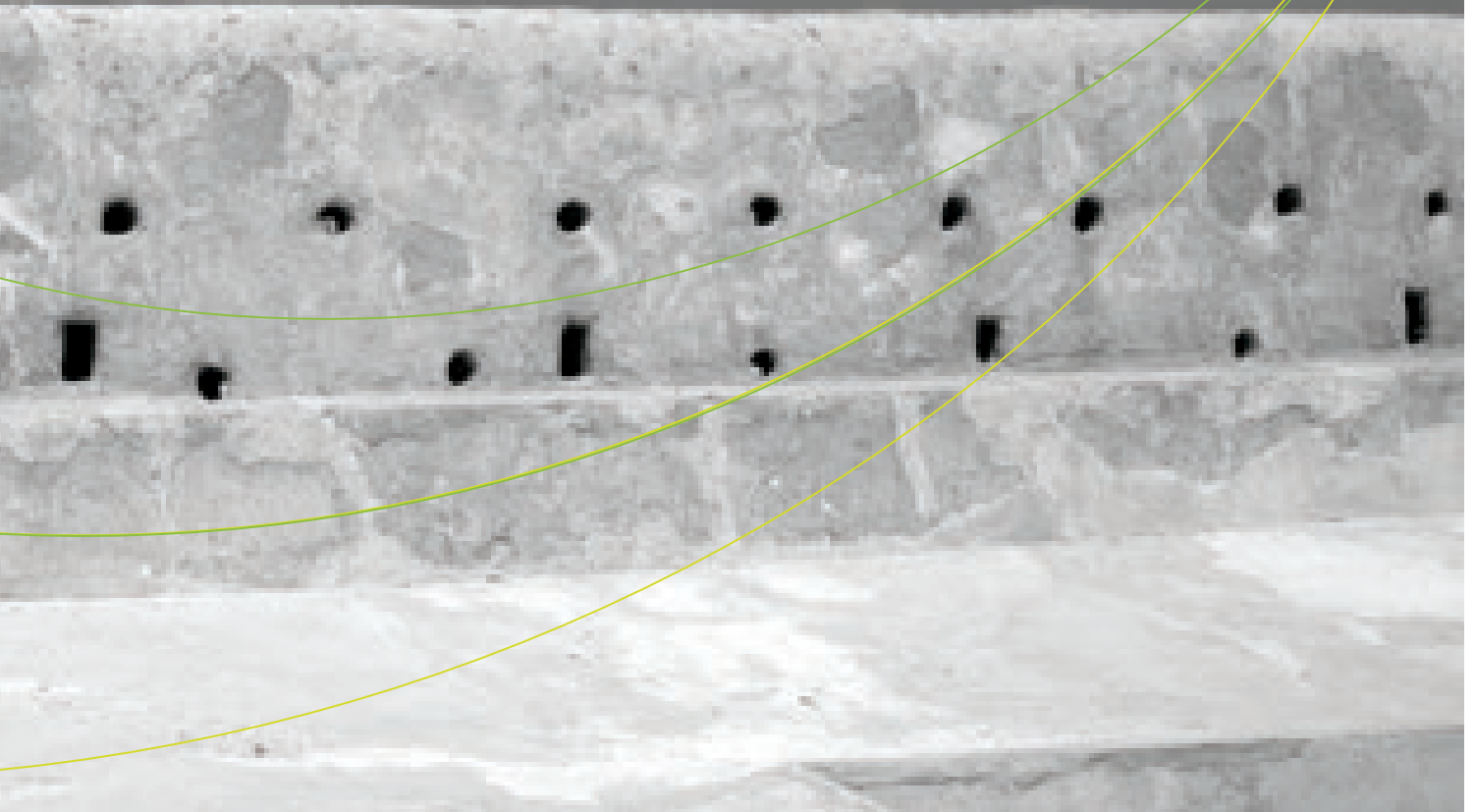
Dr. Mohamed Bin Saleh Al-Sada
Minister of Energy & Industry
Chairman and Managing Director



“**Al Koot** means
protection and security;
and we take our responsibility
of safe-guarding the assets of
Qatar Petroleum and the
State of Qatar as an
important trust.

Ahmad Rafee Al-Emadi

Chief Executive Officer,
Al Koot Insurance and Reinsurance Company.
Member, Board of Directors.



BOARD OF DIRECTORS REPORT



Introduction

The Board of Directors is pleased to present this 4th Report on the operational and financial performance of Gulf International Services, the largest service group in Qatar, with interests in a broad cross-section of industries, ranging from insurance, reinsurance, fund management, onshore and offshore drilling, helicopter transportation, and aviation repair and maintenance.

Financial Results

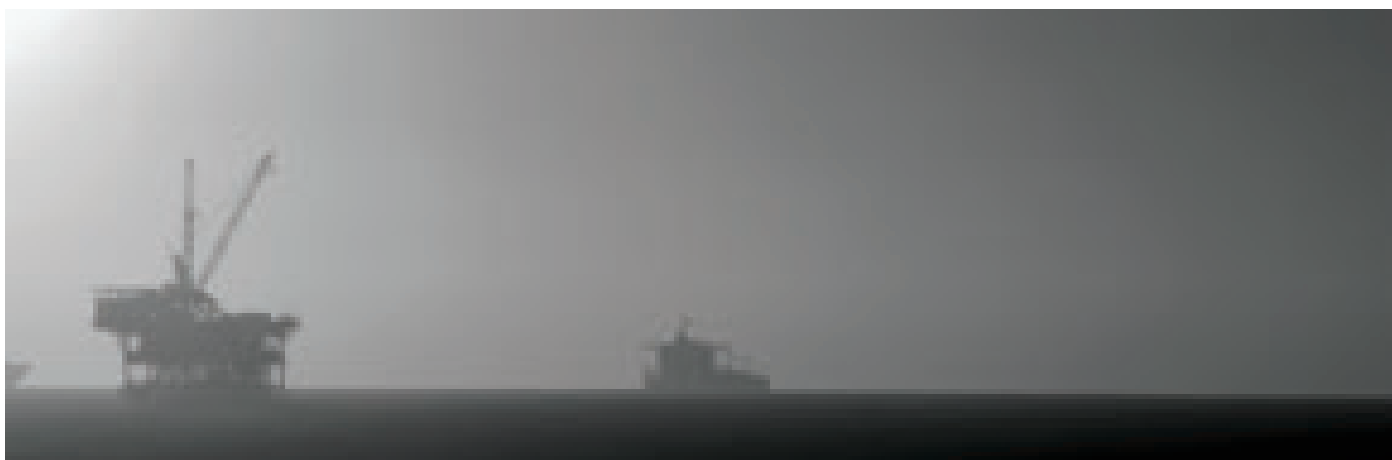
Revenue

Group revenue for the twelve months ended December 31, 2011 was QR 1.5 billion, representing a marginal decrease of QR 16.6 million, or 1.1%, over the same period last year, and a QR 61.1 million, or 4.3%, positive variance versus the 2011 budget.

The group's insurance subsidiary registered record full year premiums and net commission income of QR 550.3 million, a resolute QR 69.8 million, or 14.5%, improvement on 2010. The primary drivers for the year-on-year performance were growth in the sums insured and premium inflation in the core Energy business, and the ongoing success of the Medical line's market expansion plan. Net commission income, consisting of management fees and reinsurance commissions, increased by QR 4.0 million, or 11.9%, over 2010. The creditable overall performance resulted in full year results robustly exceeding budgeted expectations, by QR 118.3 million, or 27.4%.

Aviation segmental revenue totalled QR 443.0 million, marginally down on 2010 by QR 5.0 million, or 1.1%, as robust growth in the Qatar-based lines of business was offset by reduced earnings in the MENA region. Domestic business lines, primarily comprising of Oil & Gas services, the helicopter emergency medical service and ad hoc VIP services, added QR 17.0 million on the same period last year primarily due to the benefit of an increased number of helicopters in operation this year versus 2010, i.e. 40 versus 37 helicopters. In total, the segment reported a marginally negative variance against budget of QR 3.0 million, or 0.7%.

Revenue in the Drilling segment closed the year at QR 478.6 million. Despite the return to 100% utilisation at the end of the first quarter of 2011, revenue nevertheless declined year-on-year by QR 80.8 million, or 14.4%, because of a combination of factors including the ongoing maintenance lay-off of the Al-Doha rig, delays experienced in two rigs commencing work in the first quarter of 2011, and an average 15.1% drop in offshore day rates across all rigs on new and renegotiated contracts.



Net Profit

Net profit for the year was QR 282.9 million, a year-on-year decline of QR 156.3 million, or 35.6%. This reduction can be primarily attributed to reduced profitability in the Drilling segment, reduced finance income and a combination of several one-off factors. Drilling net profit declined for the same reasons as the headline revenue. The one-off factors impacting the group's year-on-year performance include increased IBNR provisioning in the Insurance segment, impairment charges on the group's AFS investments and the Insurance subsidiary's share of the loss on the winding up of its real estate joint venture. These one-off factors totalled almost QR 100 million, and accounted for over 60% of the reduced year-on-year profitability.

Financial Position, Cash Flows And Financial Measures

The group's total assets increased year-on-year by a robust QR 0.4 billion, or 9.1%, closing at QR 4.6 billion, due mainly to debt-funded advanced payments made for a number of drilling and aviation asset purchases, and cash flows from operations. Despite significant loan repayments, total loans and borrowings increased on the 2010 close by QR 91.3 million, or 10.6%, to close the year at QR 949.0 million. The group also reported a strong closing cash position of QR 1.1 billion, an increase on 2010 of QR 319.6 million, or 38.7%.

Dividend Distribution

The Board of Directors is pleased to recommend a total annual dividend distribution for the year ended December 31, 2011 of QR 175.8 million, equivalent to a payout of QR 1.30 per share and representing 13.0% of the nominal value, and 10% bonus shares.

Conclusion

The Board of Directors expresses its gratitude to His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar, for his wise guidance and strategic vision, and to His Highness Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent. Our gratitude is also extended to the Chairman and Managing Director, H.E. Dr. Mohamed Bin Saleh Al-Sada, for his vision and leadership, and to the senior management of the subsidiaries and joint venture for their hard work, commitment and dedication.



“In **Gulf Drilling International**,
we don't find opportunities -
we create them.

Ibrahim Jassim Al-Othman
Chief Executive Officer,
Gulf Drilling International.
Member, Board of Directors.

”



CHIEF COORDINATOR'S STATEMENT



Ebrahim Ahmad Al-Mannai

Chief Coordinator, Gulf International Services.

Introduction

The previous financial year witnessed the successful completion of several group initiatives, and significant progress being made on others. Particular attention was focused during 2011 on three main areas: reviewing and overhauling the group's risk management and corporate governance framework, devising and implementing an investor relations strategy to ensure Gulf International Services meaningfully engages with shareholders and the wider market, and improving the group's visibility through enhanced public relations activities.

Corporate Governance Framework

The Qatar Financial Markets Authority issued a Corporate Governance Code on January 27, 2009 for all companies listed on the Qatar Exchange with the aim of raising local corporate governance practices to international best standards, and ensuring a minimum and consistent degree of implementation across all listed entities.

The Code did not replace Qatari commercial law, but rather aimed to bolster each listed company's library of corporate governance rules and guidelines, irrespective of whether it was enshrined in the memorandum, articles of association or any other internal document.

Amongst other things, the Code comprises rules on the conduct of Board meetings, member appointment and remuneration, duties of members and Board committees. Additional areas covered by the Code include the internal audit function, conflict of interest and insider trading policies, and shareholder rights. Crucially, the Code required GIS and other listed companies to produce and publish an Annual Corporate Governance Report. The report required listed companies to either comply with the Code or explain non-compliance.

Senior management of GIS fully supports this important initiative of the Qatar Financial Markets Authority, and they view it as an important and necessary step to fulfil the State of Qatar's National Vision 2030 and establish the local financial market as a viable and attractive investment venue. GIS aims to comply as much as possible, with non-compliance restricted to areas where compliance is in progress and envisaged to be completed within the short-term, or areas where compliance would violate the sanctity of GIS' governmental links.

In order to expedite compliance, GIS engaged internationally recognised consultants in 2011 to assist in identifying and narrowing the compliance gap. Significant progress has been made, and the expectation is that this particular engagement will be concluded in the first half of 2012, with significantly improved compliance to the Code reported in next year's Annual Corporate Governance Report.

Investor Relations Strategy

The premise that Gulf International Services is not widely understood by the investor community, along with the need to adhere to the Qatar Exchange's disclosure policies, was the driving force behind the company developing a comprehensive investor relations strategy in early 2011.

The strategy was based on the need to more widely disseminate information on three important areas, namely the company's competitive advantages, financial fundamentals and performance, and the necessity to more fully engage with the investor community. Significant progress was made during the year, with the release in the beginning of the year of the most detailed budget and business plan since the company's formation in 2008, and the release on a quarterly basis of a trading statement, detailing the company's financial and operational performance, latest investment news and any other critical news-worthy information, a performance presentation that mirrored and summarised the trading statement, and a data sheet containing all of the key data points, including contract start and end dates, planned maintenance downtime and segmental financial information. During the year, the investor relations team held over 30 one-to-one and group meetings with interested investors, and also launched a dedicated email address for investor relations queries.

In 2012, the investor relations team aim to add controlled site visits to Gulf Helicopter Company's Doha airport site office, quarterly earnings conference calls and two investor open day events to the calendar of events.

I would like to emphasise that the investor relations team operate on a strict non-discriminatory basis, meaning that any potential or actual shareholder, whether a Qatari national or expatriate, individual or institution, has equal access to the investor relations team and the company's published material.

The wider investor community is encouraged to afford this opportunity to learn about GIS and engage with the investor relations team by requesting a one-to-one meeting, submitting email queries or by being added to the investor email distribution list to be kept fully informed of the latest developments and news.

Public Relations Activities

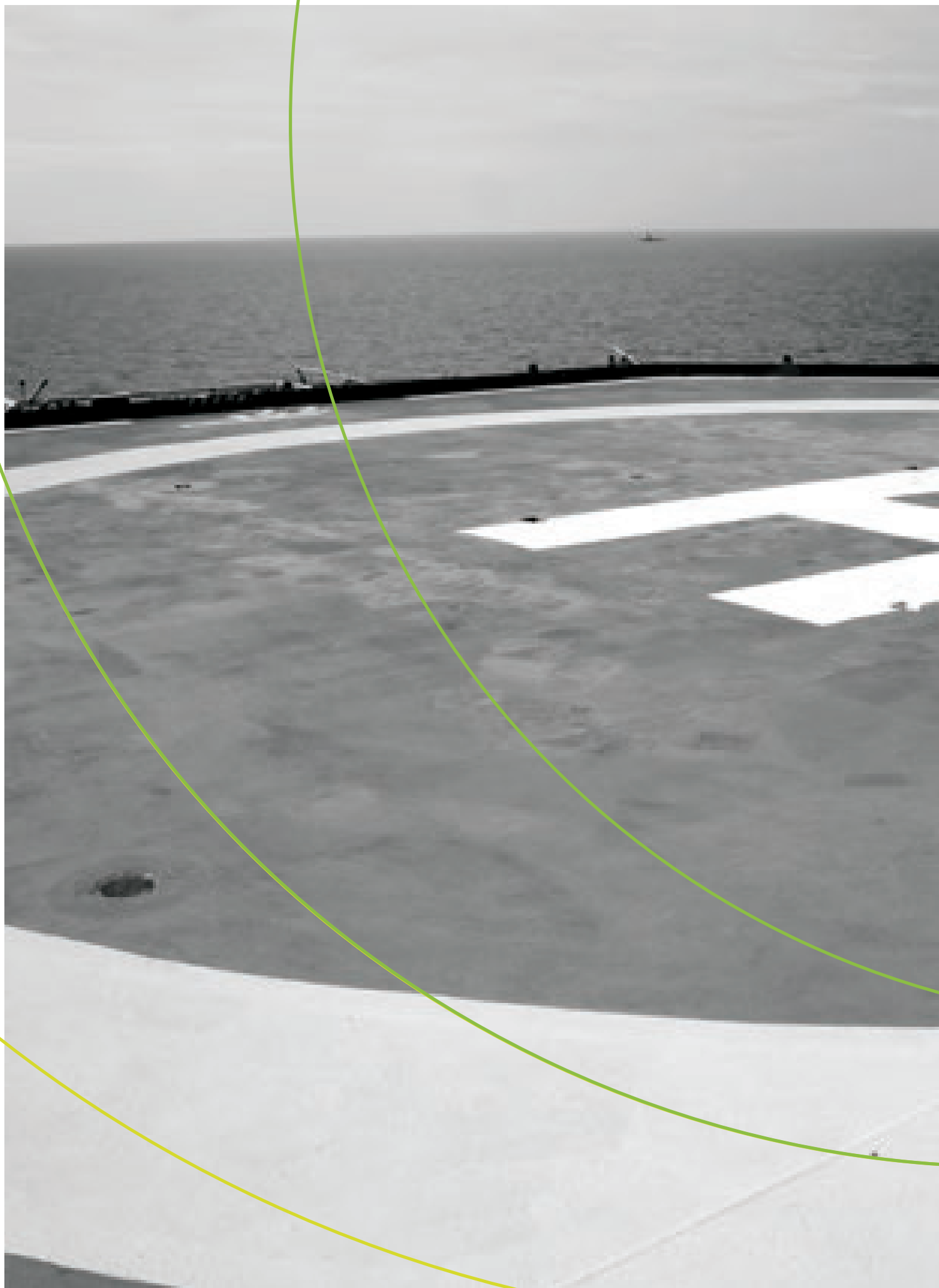
The GIS group of companies hosted, sponsored or participated in a number of events and conferences during the year, the most important of which was the 20th World Petroleum Congress hosted in the State of Qatar in December, 2011. The WPC was a milestone for Qatar and the Middle East as it was the first time such a large and prestigious event was being held in the region. GIS had a prominent stand in the exhibition area showcasing all of the group companies and their main business activities. It is estimated that over 5,000 delegates visited the WPC.

Conclusion

Other successful initiatives completed in 2011 include the revision of a number of significant financial accounting, consolidation and treasury-related procedures, the reduction of the company's authorised capital to be in line with the issued capital, thereby significantly saving on listing fees, and the finalisation of a comprehensive service agreement between GIS and Qatar Petroleum for the provision of head office services.

GIS is currently working on a number of other initiatives which are intended to be released during 2012, the most important of which are a review of the group's risk management policies and practices, and the development of a dividend policy and a growth / investment strategy.

In closing, I would like to express my gratitude to His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Emir of the State of Qatar, for his wise guidance and strategic vision, and to His Highness Sheikh Tamim Bin Hamad Al-Thani, the Heir Apparent. In addition, I would like to extend my gratitude to the Chairman of the Board of Directors, H.E. Dr. Mohamed Bin Saleh Al-Sada, for his support and guidance, and the management and staff of the group companies for their hard work during 2011.





“ As the oldest
company in the group,
Gulf Helicopters Company
has now grown to become the
group’s largest profit contributor
in 2011, and an important corner-
stone of GIS’ exciting future.

Mohamed Ibrahim Al-Mohannadi
Chief Executive Officer,
Gulf Helicopters Company.
Member, Board of Directors.





INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF INTERNATIONAL SERVICES Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gulf International Services Q.S.C. and its subsidiaries and its jointly controlled entity (together referred to as the group (the "Group")), which comprise the consolidated statement of financial position as at 31 December 2011 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2010 were audited by another auditor, who expressed an unqualified opinion on these consolidated financial statements on 24 February 2011.

Report on legal and other requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its financial position. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group.



Ziad Nader
Of Ernst & Young
Auditor's Registration No. 258

Date: 16 February 2012
Doha

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 QR'000	2010 QR'000
Revenue	1,469,488	1,486,087
Direct costs	(1,090,466)	(987,901)
GROSS PROFIT	379,022	498,186
Finance income	16,628	26,689
Net gains on financial assets at fair value through profit or loss	842	2,499
Other income	34,740	38,510
Share of loss of an associate	(1,114)	(836)
Finance expenses	(12,468)	(16,028)
Impairment loss of available-for-sale investments	(14,667)	-
General and administrative expenses	(111,535)	(109,854)
Loss on liquidation of investment in a joint venture	(8,541)	-
PROFIT FOR THE YEAR	282,907	439,166
Other comprehensive income		
Impairment of available-for-sale investments	14,667	-
Net movement in available-for-sale investments	(3,787)	4,015
Comprehensive income transferred to profit or loss	241	(9,400)
Exchange difference on translation of foreign operations	(154)	-
	10,967	(5,385)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	293,874	433,781
Earnings per share		
Basic and diluted earnings per share (Qatari Riyals)	2.09	3.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	2011 QR'000	2010 QR'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	2,292,562	1,944,528
Investment properties	1,125	156,858
Investment in an associate	120	1,388
Held-to-maturity investments	72,598	-
Available-for-sale investments	48,967	82,735
	2,415,372	2,185,509
Current assets		
Inventories	74,322	61,856
Due from related parties	194,936	301,134
Accounts receivable and prepayments	306,837	413,270
Insurance receivables	422,049	290,134
Financial assets at fair value through profit or loss	98,154	142,712
Cash and bank balances	1,093,554	826,794
	2,189,852	2,035,900
TOTAL ASSETS	4,605,224	4,221,409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont.)

At 31 December 2011

	2011 QR'000	2010 QR'000 (Restated)
EQUITY AND LIABILITIES		
Equity		
Share capital	1,351,570	1,351,570
Legal reserve	133,402	120,090
General reserve	74,516	74,516
Foreign currency translation reserve	(154)	-
Fair value reserve	142	(10,979)
Retained earnings	795,749	708,075
Total equity	2,355,225	2,243,272
Non-current liabilities		
Loans and borrowings	757,972	677,783
Employees' end of service benefits	15,644	13,005
	773,616	690,788
Current liabilities		
Due to related parties	104,864	61,732
Accounts payable, insurance payables and accruals	1,180,531	1,045,703
Loans and borrowings	190,988	179,914
	1,476,383	1,287,349
Total liabilities	2,249,999	1,978,137
TOTAL EQUITY AND LIABILITIES	4,605,224	4,221,409



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



Saeed Mubarak Al-Muhannadi
Vice-Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	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 2011, as previously reported	1,351,570	120,090	74,516	-	(36,444)	733,540	2,243,272
Prior period adjustment	-	-	-	-	25,465	(25,465)	-
Balance at 1 January 2011, as restated	1,351,570	120,090	74,516	-	(10,979)	708,075	2,243,272
Profit for the year	-	-	-	-	-	282,907	282,907
Other comprehensive income	-	-	-	(154)	10,880	-	10,726
Comprehensive income transferred to profit or loss	-	-	-	-	241	-	241
				-			
Total comprehensive income	-	-	-	-	11,121	282,907	293,874
Transfer to legal reserve	-	13,400	-	(154)	-	(13,400)	-
Dividends paid	-	-	-	-	-	(175,704)	(175,704)
Liquidation in investment in joint venture	-	(88)	-	-	-	944	856
Provision for social and sports fund	-	-	-	-	-	(7,073)	(7,073)
				-			
Balance at 31 December 2011	1,351,570	133,402	74,516	(154)	142	795,749	2,355,225

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital QR '000	Legal reserve QR '000	General reserve QR '000	Fair value reserve QR '000	Retained earnings QR '000	Total QR '000
Balance at 1 January 2010, as previously reported	1,351,570	94,713	74,516	(31,059)	560,497	2,050,237
Prior period adjustment	-	-	-	25,465	(25,465)	-
Balance at 1 January 2010, as restated	1,351,570	94,713	74,416	(5,594)	535,032	2,050,237
Profit for the year	-	-	-	-	439,166	439,166
Other comprehensive income	-	-	-	4,015	-	4,015
Comprehensive income transferred to profit or loss	-	-	-	(9,400)	-	(9,400)
Total comprehensive income for the year	-	-	-	(5,385)	439,166	433,781
Transfer to legal reserve	-	25,377	-	-	(25,377)	-
Dividends paid	-	-	-	-	(229,767)	(229,767)
Provision for social and sports fund	-	-	-	-	(10,979)	(10,979)
Balance at 31 December 2010 (Restated)	1,351,570	120,090	74,516	(10,979)	708,075	2,243,272

CONSOLIDATED STATEMENT OF CASH FLOWS

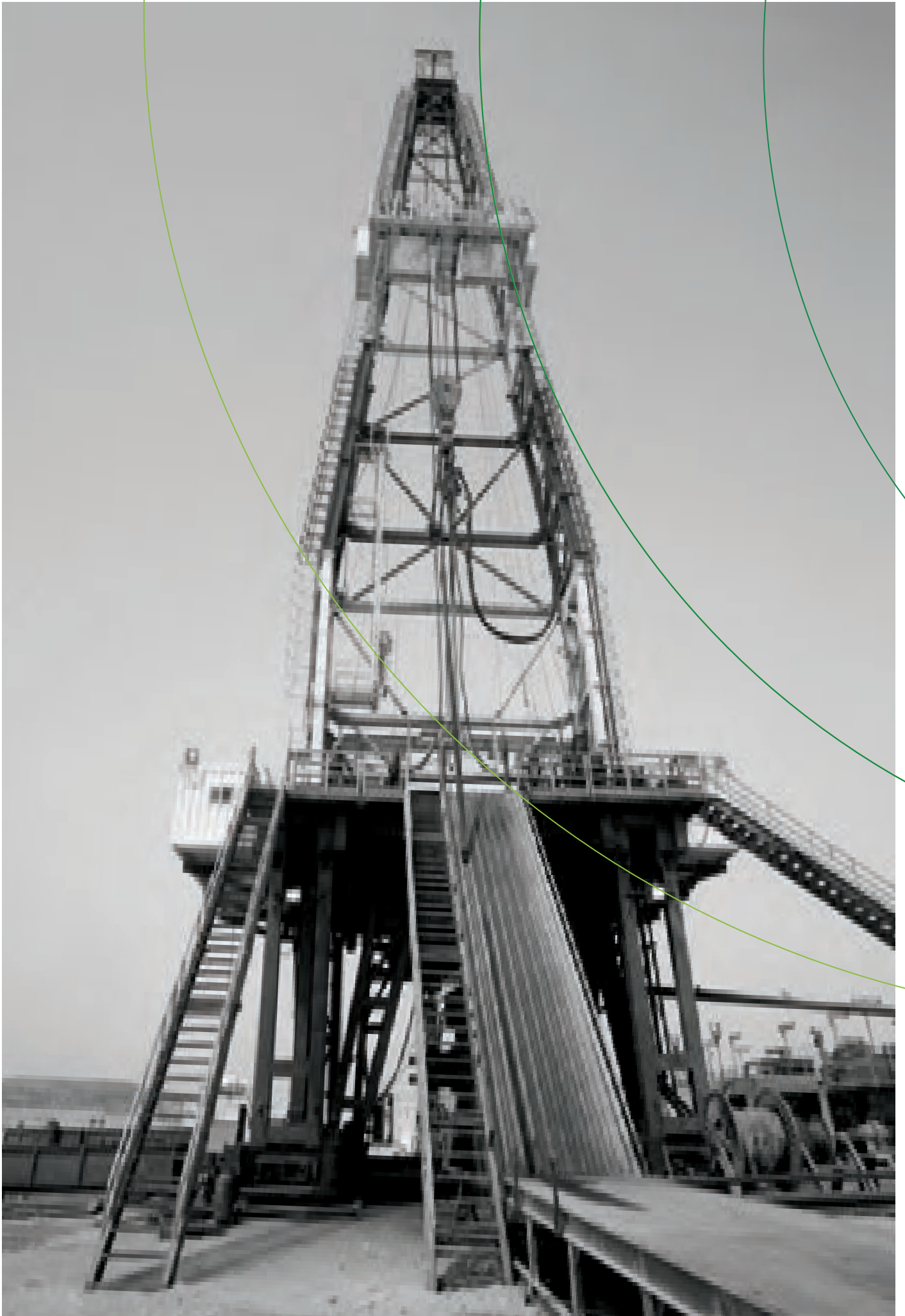
For the year ended 31 December 2011

	2011 QR'000	2010 QR'000
OPERATING ACTIVITIES		
Profit for the year	282,907	439,166
Adjustments for:		
Depreciation	175,493	165,358
Impairment loss on available-for-sale investments	14,667	-
Provision for employees' end of service benefits	5,777	6,266
Finance expenses	12,468	16,028
Gain on sale of property, plant and equipment	1,835	(6,644)
Share of loss of an associate	1,114	836
Net gains on financial assets at fair value through profit or loss	(842)	(2,499)
Impairment loss on trade receivables	8,554	-
Write-back of allowance for impairment of trade receivables	(2,168)	(477)
Finance income	(16,628)	(26,689)
Net gain on sale of available-for-sale investments	241	(9,400)
Loss on liquidation of investment in a joint venture	8,541	-
Dividend income	-	(1,537)
Net operating profit before working capital changes	491,959	580,408
Inventories	(12,466)	7,471
Accounts receivable, insurance receivables and prepayments	75,827	(283,496)
Accounts payable, insurance payables and accruals	182,279	333,751
Cash from operations	737,599	638,134
End of service benefits paid	(3,138)	(3,516)
Net cash from operating activities	734,461	634,618

CONSOLIDATED STATEMENT OF CASH FLOWS (cont.)

For the year ended 31 December 2011

	2011 QR'000	2010 QR'000
INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale investments	54,713	57,532
Receipt of finance income	14,711	26,689
Proceeds from sale of financial assets at fair value through profit or loss	45,400	-
Proceeds from sale of property, plant and equipment	4,051	14,948
Acquisition of available-for-sale investments	(23,191)	(46,000)
Acquisition of held-to-maturity investments	(72,598)	-
Time deposits with maturities in excess of three months	(252,619)	(48,532)
Acquisition of property, plant and equipment	(529,389)	(318,801)
Acquisition of investment properties	-	(10,971)
Proceeds from sale of investment properties	-	167
Proceeds from liquidation of a joint venture, net of share in cash in the joint venture	135,511	-
Receipt of dividend income	-	1,537
Net cash used in investing activities	(623,411)	(323,431)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	272,636	310,249
Repayment of loans and borrowings	(181,373)	(312,675)
Dividends paid	(175,704)	(229,767)
Finance expenses paid	(12,468)	(16,028)
Net cash used in financing activities	(96,909)	(248,221)
INCREASE IN CASH AND CASH EQUIVALENTS	14,141	62,966
Cash and cash equivalents at 1 January	463,900	400,934
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	478, 041	463,900



“

Gulf International Services
is a progressive business
with strong and sound
fundamentals, and a
bright future.

Ebrahim Ahmad Al-Mannai
Chief Coordinator,
Gulf International Services.

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