

Gulf International Services Q.S.C.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2014

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the three months ended 31 March 2014

	<i>Notes</i>	31 March 2014 QR '000 (Unaudited)	31 March 2013 QR '000 (Unaudited)
Revenue		616,692	552,624
Direct costs		<u>(508,425)</u>	<u>(444,891)</u>
GROSS PROFIT		108,267	107,733
Finance income		5,355	5,673
Net gains on financial assets at fair value through profit or loss		10,522	1,527
Other income		20,847	7,823
Share of profit from joint ventures	3	73,991	40,764
Finance cost		(2,944)	(4,483)
General and administrative expenses		<u>(27,426)</u>	<u>(23,255)</u>
PROFIT FOR THE PERIOD		<u>188,611</u>	<u>135,782</u>
Other comprehensive income			
Net movement in fair value of available-for-sale investments		8,611	1,724
Net foreign exchange difference on translation of foreign operations		<u>21</u>	<u>-</u>
Other comprehensive income for the period		<u>8,632</u>	<u>1,724</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>197,243</u>	<u>137,506</u>
Earnings per share			
Basic and diluted earnings per share (Qatari Riyals)	8	<u>1.01</u>	<u>0.73</u>

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	31 March 2014 (Unaudited) QR '000	31 December 2013 (Audited) QR '000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,049,445	963,184
Goodwill		303,559	303,559
Investment properties		1,125	1,125
Interest in joint ventures	3	1,318,354	1,379,565
Held-to-maturity investments		85,468	85,448
Available-for-sale investments		210,705	169,985
		<u>2,968,656</u>	<u>2,902,866</u>
Current assets			
Inventories		80,706	79,542
Due from related parties		301,648	242,722
Accounts receivable and prepayments		585,468	622,081
Insurance receivables		355,873	363,099
Financial assets at fair value through profit or loss		196,775	260,656
Other current assets		1,686	-
Cash and bank balances	5	924,892	893,200
		<u>2,447,048</u>	<u>2,461,300</u>
TOTAL ASSETS		<u><u>5,415,704</u></u>	<u><u>5,364,166</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	1,858,409	1,486,727
Legal reserve		75,474	75,474
General reserve		74,516	74,516
Foreign currency translation reserve		(316)	(337)
Fair value reserve		25,468	16,857
Retained earnings		952,070	1,432,486
Total equity		<u>2,985,621</u>	<u>3,085,723</u>
Non-current liabilities			
Loans and borrowings		487,005	468,731
Employees' end of service benefits		42,222	40,413
		<u>529,227</u>	<u>509,144</u>
Current liabilities			
Due to related parties		18,751	531
Accounts payable, insurance payables and accruals		1,734,560	1,629,343
Loans and borrowings		147,546	139,425
		<u>1,900,856</u>	<u>1,769,299</u>
Total liabilities		<u>2,430,083</u>	<u>2,278,443</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,415,704</u></u>	<u><u>5,364,166</u></u>

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

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

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2014

	<i>Share capital QR '000</i>	<i>Legal reserve QR '000</i>	<i>General reserve QR '000</i>	<i>Foreign currency translation reserve QR '000</i>	<i>Fair value reserve QR '000</i>	<i>Retained earnings QR '000</i>	<i>Total QR '000</i>
Balance at 1 January 2014	1,486,727	75,474	74,516	(337)	16,857	1,432,486	3,085,724
Total comprehensive income				21	8,611	188,611	197,243
Bonus Share Distributed (Note 6)	371,682					(371,682)	(297,345)
Dividends paid (Note 7)						(297,345)	(297,345)
Balance at 31 March 2014	1,858,409	75,474	74,516	(316)	25,468	952,070	2,985,621
Balance at 1 January 2013	1,486,727	161,807	74,516	(161)	4,763	909,105	2,636,757
Total comprehensive income	-	-	-	-	1,724	135,782	137,506
Dividends paid (Note 7)	-	-	-	-	-	(223,009)	(223,009)
Balance at 31 March 2013	1,486,727	161,807	74,516	(161)	6,487	821,878	2,551,254

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2014

	<i>Notes</i>	31 March 2014 QR '000 (Unaudited)	31 March 2013 QR '000 (Unaudited)
OPERATING ACTIVITIES			
Profit for the year		188,611	135,782
Adjustments for:			
Depreciation	4	21,652	22,571
Provision for employees' end of service benefits		3,582	2,852
Gain on sale of securities		(1,557)	(839)
Finance expenses		2,944	4,483
Unrealised gain on financial assets through profit and loss		(10,543)	(2,475)
Share of result of joint ventures	3	(73,991)	(40,764)
Loss/(profit) on disposal of property, plant and equipment		-	(662)
Finance income		(5,355)	(5,673)
Net operating profit before working capital changes		125,344	115,275
Inventories		(1,164)	(9,046)
Accounts receivable and prepayments		(16,769)	36,105
Accounts payable, insurance payables and accruals		123,437	28,134
Cash from operations		230,847	170,468
Employees' end of service benefits paid		(1,773)	(1,292)
Net cash from operating activities		229,074	169,176
INVESTING ACTIVITIES			
Interest income		5,355	5,673
Proceeds from financial assets at fair value through profit or loss		78,068	51,782
Proceeds from disposal of property, plant and equipment		-	668
Acquisition of financial assets		(34,217)	(101,875)
Dividend from the joint venture	3	140,140	101,920
Time deposits with maturities in excess of three months		(146,461)	138,769
Investment in the joint venture	3	(4,918)	(127,400)
Acquisition of property, plant and equipment	4	(107,912)	(46,145)
Net cash from investing activities		(69,946)	23,392
FINANCING ACTIVITIES			
Proceeds from loans		40,676	-
Repayment of loans and borrowings		(14,281)	(25,722)
Dividends paid	7	(297,345)	(223,009)
Finance costs paid		(2,944)	(4,482)
Net cash used in financing activities		(273,895)	(253,213)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(114,766)	(60,645)
Cash and cash equivalents at 1 January		508,583	363,750
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	393,817	303,105

Gulf International Services Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014

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 – 30.01% is owned by JDC) and the equity interests of QP were transferred to the Company on February 24, 2008.

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

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

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

Following are the subsidiaries and joint venture in which the company has direct ownership as of 31 March 2014.

		Country of incorporation	Percentage of Holding
Al Koot Insurance & Reinsurance Company S.A.Q.	Subsidiary	Qatar	100%
Amwaj Catering Services Company Ltd. Q.S.C	Subsidiary	Qatar	100%
Gulf Helicopters Company Q.S.C.	Subsidiary	Qatar	100%
Gulf Drilling International Limited Q.S.C.	Joint venture	Qatar	70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

3 INTEREST IN A JOINT VENTURE

The movements in interest in joint ventures during the year/period are as follows:

	<i>QR '000</i>
Investment balance as of 01 January 2013	1,109,386
Investment during the year	127,400
Net profit for the year	244,874
Fair value movement	(176)
Dividend received during the year	(101,919)
Investment balance as of 1 January 2014	1,379,565
Investment during the year	4,917
Profit for the period	73,991
Fair value movement	21
Dividend received during the period	(140,140)
Investment balance as of 31 March 2014	1,318,354

4 PROPERTY, PLANT AND EQUIPMENT

	<i>31 March 2014 QR'000</i>	<i>31 December 2013 QR'000</i>
Opening net book value	963,184	940,312
Additions	107,913	113,848
Disposals and transfers	-	(1,307)
Depreciation	(21,652)	(89,669)
Closing net book value	1,049,445	963,184

5 CASH AND CASH EQUIVALENTS

	<i>31 March 2014 QR'000</i>	<i>31 December 2013 QR'000</i>
Bank balances and cash	<u>924,892</u>	<u>893,200</u>

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

	<i>31 March 2014 QR'000</i>	<i>31 December 2013 QR'000</i>
Bank balances and cash	<u>924,892</u>	<u>893,200</u>
Less: Fixed deposits maturing after 90 days	<u>(531,075)</u>	<u>(384,614)</u>
	<u>393,817</u>	<u>508,586</u>

6 SHARE CAPITAL

	<i>31 March 2014 QR'000</i>	<i>31 December 2013 QR'000</i>
Authorised, issued and paid-up: 185,840,869 shares of QR 10 each (31 December 2013 : 148,672,695 shares of QR 10 each)	<u>1,858,409</u>	<u>1,486,727</u>
	<i>31 March 2014 No of shares</i>	<i>31 December 2013 No of shares</i>
Balance at the beginning of the period	<u>148,672,695</u>	148,672,695
Bonus share issue	<u>37,168,174</u>	-
Balance at the end of the period	<u>185,840,869</u>	<u>148,672,695</u>

7 DIVIDENDS PAID

During the year, a cash dividend of QR 2.0 per share amounting to QR QR. 297.3 million and a bonus share of 25% amounting to QR. 371.7 million relating to 2013 was approved by the shareholders at the Annual General Meeting held on 11 March 2014 (2012: QR 1.50 per share amounting to QR 223 million).

8 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	<i>31 March 2014</i>	<i>31 March 2013</i>
Net profit for the period (QR'000)	<u>188,611</u>	<u>135,782</u>
Weighted average number of shares outstanding during the period	<u>185,840,869</u>	<u>185,840,869</u>
Basis and diluted earnings per share (expressed in QR per share)	<u>1.01</u>	<u>0.73</u>

9 SEGMENTAL REPORTING

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

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

Operating segments

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

Gulf International Services Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014

9 SEGMENTAL REPORTING (continued)

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Period ended 31 March 2014					
Segment revenue	191,628	152,988	272,076	261,602	878,294
Cost of goods sold	(184,148)	(97,074)	(227,203)	(159,774)	(668,199)
Depreciation	(460)	(17,927)	(3,266)	(53,197)	(74,850)
Finance charges	-	(353)	(17)	(4,875)	(5,245)
Segment results	32,048	56,205	32,460	74,336	195,049
Unallocated income					267
Unallocated expense					(6,705)
Profit for the period					188,611

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
As of 31 March 2014					
Cash	567,583	36,063	190,518	77,946	872,110
Other current assets	965,662	255,725	298,230	323,976	1,843,593
Non current assets	260,091	1,027,719	43,679	3,036,429	4,367,917
Total assets	1,793,336	1,319,507	532,427	3,438,351	7,083,620
Debts falling due within 1 year	-	65,039	-	297,469	362,508
Other current liabilities	1,230,331	66,961	354,542	124,947	1,776,781
Debts due after 1 year	-	74,445	-	1,695,540	1,769,985
Other non-current liabilities	3,351	21,093	17,777	15,599	57,820
Total liabilities	1,233,682	227,538	372,319	2,133,555	3,967,094

Gulf International Services Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014

9 SEGMENTAL REPORTING (continued)

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Period ended 31 March 2013					
Segment revenue	161,914	149,237	241,473	173,104	725,728
Direct cost	(141,900)	(89,855)	(213,136)	(113,018)	(557,909)
Depreciation	(140)	(17,554)	(4,877)	(34,454)	(57,025)
Finance charges	-	(894)	(198)	(1,665)	(2,756)
Segment results	28,948	53,992	18,673	40,764	142,377
Unallocated income					769
Unallocated expense					(7,365)
Profit for the period					135,782

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