

GULF INTERNATIONAL SERVICES Q.P.S.C.

**INTERIM CONDENSED UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2020**

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GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION
AS AT 31 March 2020

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Restated)
ASSETS			
Non-current assets			
Property and equipment	3	6,364,654	6,421,124
Goodwill		303,559	303,559
Right-of-use assets		62,824	68,659
Contract assets		6,864	7,381
Equity-accounted investees	4	13,906	5,235
Financial investments		250,050	288,316
Total non-current assets		7,001,857	7,094,274
Current assets			
Inventories		220,179	215,491
Contract assets		9,529	9,529
Due from related parties		785,646	501,237
Financial investments		254,425	342,220
Trade and other receivables		766,295	766,322
Reinsurance contract assets		1,051,702	929,964
Short term investments		379,459	229,382
Cash and bank balances		622,904	678,447
Total current assets		4,090,139	3,672,592
TOTAL ASSETS		11,091,996	10,766,866
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,858,409	1,858,409
Legal reserve		366,295	366,295
General reserve		74,516	74,516
Foreign currency translation reserve		(14,575)	(11,578)
Fair value reserve		(33,515)	(1,095)
Retained earnings	6	1,293,456	1,284,735
Total equity		3,544,586	3,571,282

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Restated)
LIABILITIES			
Non-current liabilities			
Lease liability		39,785	45,456
Loans and borrowings		3,973,923	3,862,016
Contract liabilities		5,741	5,741
Provision for decommissioning costs		41,598	41,598
Provision for employees' end of service benefits		92,150	91,281
Total non-current liabilities		4,153,197	4,046,092
Current liabilities			
Bank overdraft		8	8
Lease liability		26,565	27,478
Dividends payable		77,622	78,488
Loans and borrowings		816,360	825,212
Trade and other payables	6	873,392	851,498
Due to related parties		28,834	33,299
Reinsurance contract liabilities		1,558,543	1,317,242
Contract liabilities		12,889	16,267
Total current liabilities		3,394,213	3,149,492
Total liabilities		7,547,410	7,195,584
TOTAL EQUITY AND LIABILITIES		11,091,996	10,766,866

These consolidated financial statements were approved by the Company's Board of Directors and signed on its behalf by the following on 29 April 2020:



Khalid Bin Khalifa Al-Thani

Chairman



Saad Rashid Al-Muhannadi

Board Member

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

For the three month period ended 31 March 2020

In thousands of Qatari Riyals

	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Revenue		831,715	719,210
Direct costs		(665,847)	(611,250)
Gross profit		165,868	107,960
Other income		(57,325)	21,440
General and administrative expenses		(55,833)	(48,491)
Other expenses		(125)	(4,162)
Operating profit		52,585	76,747
Finance income		7,386	8,476
Finance cost		(51,251)	(59,949)
Net finance cost		(43,865)	(51,473)
Profit for the period		8,720	25,275
Other comprehensive			
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments at Fair Value Through Other Comprehensive Income (FVTOCI) – change in fair value		(32,420)	3,679
Foreign operations – foreign currency translation difference		(2,997)	-
Total other comprehensive income /(loss)		(35,417)	3,679
Total comprehensive income /(loss)for the period		(26,697)	28,954
Earnings per share			
Basic and diluted earnings per share (expressed in QR per share)	5	0.005	0.014

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three month period ended 31 March 2020

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
2019							
Balance at 1 January 2019 (Audited)	1,858,409	364,698	74,516	(11,501)	(7,536)	1,253,475	3,532,061
Total comprehensive income:							
Profit for the period	-	-	-	-	-	25,275	25,275
Other comprehensive income for the period	-	-	-	-	3,679	-	3,679
Total comprehensive income for the period	1,858,409	364,698	74,516	(11,501)	3,679	25,275	28,954
Balance at 31 March 2019 (Unaudited)	1,858,409	364,698	74,516	(11,501)	(3,857)	1,278,750	3,561,015
2020							
Balance at 1 January 2020 (Audited)	1,858,409	366,295	74,516	(11,578)	(1,095)	1,294,376	3,580,923
Prior year adjustment (Note 6)	-	-	-	-	-	(9,641)	(9,641)
Balance at 1 January 2020 (Restated)	1,858,409	366,295	74,516	(11,578)	(1,095)	1,284,735	3,571,282
Total comprehensive income:							
Profit for the period	-	-	-	-	-	8,720	8,720
Other comprehensive (loss) for the period	-	-	-	(2,997)	(32,420)	-	(35,416)
Total comprehensive income for the period	-	-	-	(2,997)	(32,420)	8,720	(26,696)
Balance at 31 March 2020 (Unaudited)	1,858,409	366,295	74,516	(14,575)	(33,515)	1,293,456	3,544,586

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2020

In thousands of Qatari Riyals

	March 31 2020 (Unaudited)	March 31, 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	8,720	25,275
Adjustments for:		
Depreciation of property and equipment	101,579	109,626
Provision for employees' end of service benefits	4,052	4,218
Gain/Loss on disposal of property and equipment	(7)	2,456
Net gain /loss from disposal of Financial investments	7,296	(1,802)
Net movement of financial assets at fair value through profit or loss	56,497	(9,243)
Amortisation of finance cost related to borrowings	2,257	1,781
Profit distribution from managed investment funds	(955)	(1,722)
Provision for expected credit loss	-	766
Reversal of provision for ECL	(3,630)	-
Finance income	(7,386)	(8,476)
Finance costs	51,251	59,948
Dividend income	(3,640)	(3,740)
Movement in unearned premiums	134,169	240,181
Provision for slow moving inventories	-	1,711
Other movements	(8,077)	-
	342,126	420,979
Changes in:		
Inventories	(4,689)	(1,704)
Contract assets	517	(29,334)
Contract liabilities	(3,379)	43,485
Lease Liabilities	(6,582)	-
Right of Use of Assets	5,835	-
Trade and insurance receivables, prepayments and due from related parties	(296,293)	(286,638)
Trade and insurance payables, accruals and due to related parties	27,071	45,713
Cash generated from operating activities	64,606	192,501
Employees' end of service benefits paid	(4,052)	(2,782)
Net cash generated from operating activities	60,554	189,719

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2020

In thousands of Qatari Riyals

	March 31	March 31,
	2020	2019
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(14,337)	(32,343)
Purchase of financial investments	(41,951)	(64,392)
Purchase of fixed assets	(36,195)	(451)
Net movement in term deposits with maturities in excess of three months	52,946	(180,530)
Interest received	7,386	5,221
Proceeds from disposal and maturity of financial assets	72,027	33,057
Proceeds from written off of property and equipment	7	9,468
Net movement in cash at banks – restricted for dividend	866	2,415
Profit distribution from managed investment funds	955	1,025
Payment of lease liabilities	(6,523)	-
Dividend received	3,640	3,740
Net cash used in investing activities	38,820	(222,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	291,200	145,600
Repayment of loans and borrowings	(190,402)	(193,778)
Dividends paid	(866)	(2,415)
Finance cost paid	(51,132)	(59,948)
Net cash used in financing activities	48,800	(110,541)
Net decrease in cash and cash equivalents	148,172	(143,614)
Change in foreign currency reserve	121	-
Cash and cash equivalents at 1 January	438,601	542,005
Cash and cash equivalents for the period *	586,896	398,393

*Cash and cash equivalents excludes deposits maturing after 90 days and the unclaimed dividend amounts.

1. REPORTING ENTITY

Gulf International Services Q.P.S.C. (the “Company”) is a Company incorporated on 13 February 2008 in the State of Qatar under the commercial registration number 38200 as a Qatari Shareholding Company. The principal activity of the Company is to operate as a holding company. As per the Extra Ordinary General Assembly Resolution and in accordance with the new Qatar Commercial Companies Law No 11 of 2015, the legal form of the Company has been changed to Qatari Public Joint Stock Company (Q.P.S.C.). The registered office of the Company is situated in Doha, State of Qatar.

These consolidated financial statements comprise of the Company and its subsidiaries (together referred to as the ‘Group’). The Group is primarily involved in provision of drilling, aviation, insurance and reinsurance and catering services (refer Note 32).

The Company was initially incorporated by Qatar Petroleum (“QP”) as a sole shareholder with an initial capital of QR 5 million on 13 February 2008 which is the date of incorporation of the Company.

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

These consolidated financial statements comprise the financial statements of the Company and below stated unlisted wholly owned direct subsidiaries as at the end of the reporting date:

Name of the Company	Relationship	Country of incorporation	Percentage of holding	
			2020	2019
Al Koot Insurance & Reinsurance Company P.J.S.C. (Al Koot)	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Limited. Q.P.S.C. (Amwaj)	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company Q.P.S.C. (GHC)	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited Q.P.S.C. (GDI)	Subsidiary	Qatar	100%	100%

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

Name of the Company	Relationship	Country of incorporation	Percentage of holding	
			2020	2019
United Helicharters Private Limited	Joint venture	India	80.51%	62%
Air Ocean Maroc	Joint venture	Morocco	49%	49%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
Al Maha Aviation Company	Subsidiary	Libya	92%	92%
Redstar Havacilik Hizmetleri A.S.	Subsidiary	Turkey	49%	49%
Gulf Helicopters Investment & Leasing Company	Subsidiary	Morocco	100%	100%

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this 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, 2019.

3. PROPERTY, PLANT AND EQUIPMENT

	March 31 2020 (Unaudited)	December 31, 2019 (Audited)
Opening net book value	6,421,124	6,720,311
Additions	50,533	177,597
Write off	(200)	(8,545)
Foreign currency translation on consolidation	(4,113)	(1,249)
Transfer	-	(23,465)
Disposals	-	(9,175)
Depreciation	(102,690)	(434,350)
Closing net book value	6,364,654	6,421,124

4. EQUITY-ACCOUNTED INVESTEEES

	March 31 2020 (Unaudited)	December 31, 2019 (Audited)
Investment in joint ventures	13,906	5,235

The Group has investment in below joint ventures:

- i. United Helicharters Private Limited
- ii. Gulf Med Aviation Services Limited
- iii. Air Ocean Maroc

United Helicharters Private Limited (UHPL):

UHPL is a joint venture in which the Group has joint control and an 80.51% (2019: 62%) beneficial ownership interest. UHPL is one of the Group's customer and is principally engaged in helicopter Services in India. UHPL is not publicly listed.

UHPL is structured as a separate entity and the Group has a residual interest in the net assets of UHPL. Accordingly, the Group has classified its interest in UHPL as a joint venture. Although, the Group owns 80.51% of the equity interest in the joint venture, the Group does not have any established control over the decision making of the joint venture.

The Group's investment in UHPL is held in name of the ultimate parent company, Qatar Petroleum, which owns this investment for the beneficial interest of the Company.

4. EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

Gulf Med Aviation Services Limited (GASL):

GASL is a joint venture in which the Group has joint control and a 49% (2019: 49%) ownership interest. GASL is one of the Group's customer and is principally engaged in helicopter Services in Malta. GASL is not publicly listed.

GASL is structured as a separate entity and the Group has a residual interest in the net assets of GASL Accordingly, the Group has classified its interest in GASL as a joint venture.

Air Ocean Maroc (AOM):

AOM is a joint venture in which the Group has joint control and a 49% (2019: 49%) beneficial ownership interest through one of its subsidiary Gulf Helicopters Investment & Leasing Company. AOM is principally engaged in helicopter Services in Morocco. AOM is not publicly listed.

AOM is structured as a separate entity and the Group has a residual interest in the net assets of AOM Accordingly, the Group has classified its interest in AOM as a joint venture.

The following table summarises the financial information of UHPL, GASL and AOM as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in UHPL, GASL and AOM

31 March 2020	UHPL	GASL	AOM	Total
Percentage ownership interest	80.51%	49%	49%	
Non-current assets	1,491	1,417	722	3,631
Current assets (including cash and cash equivalents)	5,727	23,544	10,178	39,450
Current liabilities (including current financial liabilities excluding trade and other payables)	(6,803)	(21,114)	6,018	(21,899)
Net Assets (100%)	415	3,847	16,919	21,183
Carrying amount of interest in joint venture	-	1,284	3,950	5,234
Additional Investment during year	7,850	-	-	7,850
Revenue	703	12,646	3,352	16,703
Expenses	(773)	(11,169)	(3,155)	(15,098)
(Loss)/ profit for the period and other comprehensive income	(69)	1,477	197	1,605
Group's share of profit and other comprehensive income		724	96	820
Carrying amount of the investment	7,850	2,008	4,048	13,905

4. EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

31 December 2019	UHPL	GASL	AOM	Total
Percentage ownership interest	62%	49%	49%	
Non-current assets	1,648	1,459	709	3,816
Current assets (including cash and cash equivalents)	6,195	9,795	11,579	27,569
Current liabilities (including current financial liabilities excluding trade and other payables)	(7,247)	(8,832)	(7,502)	(23,581)
Net Assets (100%)	<u>596</u>	<u>2,422</u>	<u>4,786</u>	<u>7,804</u>
Carrying amount of interest in joint venture	<u>-</u>	<u>880</u>	<u>-</u>	<u>880</u>
Additional Investment during year	<u>-</u>	<u>-</u>	<u>3,650</u>	<u>3,650</u>
Revenue	<u>7,172</u>	<u>21,835</u>	<u>20,406</u>	<u>49,413</u>
Expenses	<u>(8,479)</u>	<u>(21,011)</u>	<u>(19,792)</u>	<u>(49,282)</u>
(Loss)/ profit for the year and other comprehensive income	<u>(1,307)</u>	<u>824</u>	<u>614</u>	<u>131</u>
Group's share of profit and other comprehensive income	<u>-</u>	<u>404</u>	<u>301</u>	<u>705</u>
Carrying amount of the investment	<u>-</u>	<u>1,284</u>	<u>3,951</u>	<u>5,235</u>
Reconciliation of carrying amounts:				
31 March 2020				
	UHPL	GASL	AOM	Total
Balance as January	-	1,284	3,951	5,235
Additional investment made during the period	7,850	-	-	7,850
Profits for the period	-	724	97	821
Balance at 31 March 2020	<u>7,850</u>	<u>2,008</u>	<u>4,048</u>	<u>13,906</u>
31 December 2019				
	UHPL	GASL	AOM	Total
Balance as January	-	880	-	880
Additional investment made during the year	-	-	3,650	3,650
Profits for the year	-	404	301	705
Balance at 31 December 2019	<u>-</u>	<u>1,284</u>	<u>3,951</u>	<u>5,235</u>

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2020

In thousands of Qatari Riyals

5. 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.

	March 31 2020 (Unaudited)	March 31 2019 (Unaudited)
Profit for the period (thousand QR)	8,720	25,275
Weighted average number of ordinary shares outstanding during the period (in shares)	1,858,408,690	1,858,408,690
Basic and diluted earnings per share (expressed in QR per share)	0.005	0.014

6. RESTATEMENTS

In the previous financial year, the Board of one of GIS Subsidiaries agreed to pay a Bonus for employees amounting to QR 9.64 M. However, the Bonus amount was omitted from recording in the financial statements of the subsidiary company in the previous financial year.

Comparative amounts in the prior year financial statements have been restated in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' as follows:

Consolidated statement of financial position	2019		
	31 December 2019 (as previously reported)	Increase/ (Decrease)	31 December 2019 (Restated)
Trade and other payables	841,857	9,641	851,498
Retained earnings	1,294,376	(9,641)	1,284,735

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2020

In thousands of Qatari Riyals

7. OPERATING SEGMENTS

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 and also incorporated as separate legal entities. 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 of each reportable segment:

Reportable segments	Operations
Insurance	Provides insurance and reinsurance services
Aviation	Provides helicopter transportation services in Qatar and India. Also operating as a provider of helicopter services throughout the Gulf Region, Libya, Turkey and Morocco. The aviation segment includes the information relating to Gulf Helicopters Group's joint ventures and its subsidiaries.
Catering	Provides catering, manpower and related services.
Drilling	Provides drilling and ancillary services.

For the period ended and as at 31 March 2020	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	231,004	185,311	135,011	290,135	841,461
Inter-segment revenue	(301)	-	(9,445)	-	(9,745)
External revenue	230,703	185,311	125,566	290,135	831,715
Segment Direct cost	(199,493)	(115,076)	(122,706)	(225,731)	(663,006)
Segment profit/ (loss)	(45,325)	58,232	7,510	(432)	19,985
Finance income	4,619	679	876	-	6,174
Finance cost	-	(1,157)	(29)	(48,528)	(49,714)
Depreciation and amortisation	(794)	(21,096)	(6,416)	(76,114)	(104,420)
Share of loss from equity accounted investees	-	821	-	-	821

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2020

In thousands of Qatari Riyals

7. OPERATING SEGMENTS

For the period ended and as at 31 March 2019	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	190,962	140,445	113,074	285,792	730,273
Inter-segment revenue	(1,304)	(37)	(9,723)	-	(11,064)
External revenue	189,658	140,409	103,351	285,792	719,209
Segment Direct cost	(177,228)	(97,871)	(94,885)	(238,425)	(608,409)
Segment profit/ (loss)	16,792	35,775	3,872	(28,000)	28,439
Finance income	4,415	811	776	-	6,002
Finance cost	-	(1,641)	(27)	(54,690)	(56,358)
Depreciation and amortisation	(81,415)	(22,401)	(2,804)	(81,415)	(188,035)
Share of loss from equity accounted investees	-	-	-	-	-
	Insurance	Aviation	Catering	Drilling	Total
Segment assets For the period ended and as at 31 March	2,531,906	1,496,789	373,010	6,036,668	10,438,373
Equity accounted investees	-	13,906	-	-	13,906
Segment liabilities	1,987,180	270,386	244,223	4,792,141	7,293,930
	Insurance	Aviation	Catering	Drilling	Total
Segment assets For the period ended and as at 31 December 2019	2,387,306	1,563,280	346,491	5,920,551	10,217,628
Equity accounted investees	-	5,235	-	-	5,235
Segment liabilities	1,752,914	282,727	225,215	4,675,593	6,936,449