

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, 2013

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, 2013

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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 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, 2013 and the related interim consolidated statements of 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".

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Other matters

The interim condensed consolidated financial statements for the six month period ended June 30, 2012 and the consolidated financial statements for the year ended December 31, 2012 were reviewed and audited by another auditor, whose reports dated August 1, 2012 and February 25, 2013 expressed an unmodified review conclusion and an unqualified audit opinion, respectively, on those consolidated financial statements.

For **Deloitte & Touche**

Doha – Qatar
July 30, 2013

Midhat Salha
License No. 257

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

As at June 30, 2013

	Notes	June 30, 2013	December 31, 2012
		QR '000 (Reviewed)	QR '000 (Audited) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	956,483	940,312
Goodwill	3	303,559	303,559
Investment properties	5	1,125	1,125
Investment in joint ventures	6	1,226,042	1,109,386
Held-to-maturity investments	7	85,430	85,413
Available-for-sale investments	8	98,776	52,393
		2,671,415	2,492,188
Current assets			
Inventories		71,493	62,183
Due from related parties	17	352,565	354,534
Accounts receivable and prepayments	9	742,882	723,476
Insurance receivables		400,380	460,036
Financial assets at fair value through profit or loss	10	406,681	409,624
Bank balances and cash		659,549	756,505
		2,633,550	2,766,358
TOTAL ASSETS		5,304,965	5,258,546
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,486,727	1,486,727
Legal reserve		60,084	64,667
General reserve		74,516	74,516
Foreign currency translation reserve		(297)	(161)
Fair value reserve		9,309	4,763
Retained earnings		1,080,894	1,006,245
Total equity		2,711,233	2,636,757
Non-current liabilities			
Employees' end of service benefits		34,242	30,139
Loans and borrowings	14	543,942	667,995
		578,184	698,134
Current liabilities			
Due to related parties	17	96,683	90,002
Accounts payable, insurance payables and accruals		1,779,537	1,720,904
Loans and borrowings	14	139,328	112,749
		2,015,548	1,923,655
Total liabilities		2,593,732	2,621,789
TOTAL EQUITY AND LIABILITIES		5,304,965	5,258,546

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

Saeed Mubarak Al-Muhanadi
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 COMPREHENSIVE INCOME**

For the six month period ended June 30, 2013

		For the six month period ended June 30,	
	Notes	2013	2012
		QR '000	QR '000
		(Reviewed)	(Reviewed)
			(Restated)
Revenue	15	1,119,231	591,085
Direct costs	16	(892,516)	(469,660)
GROSS PROFIT		226,715	121,425
Finance income		10,617	12,485
Net (losses) gains on financial assets at fair value through profit or loss		(1,215)	3,999
Other income		16,111	17,469
Share of profit from investment in joint ventures		91,310	75,376
Finance costs		(8,311)	(8,886)
General and administrative expenses		(42,152)	(25,381)
NET PROFIT FOR THE PERIOD		293,075	196,487
Other comprehensive income			
Unrealized gain on available-for-sale investments		4,546	8,420
Net foreign exchange difference on translation of foreign operations		(136)	(23)
Other comprehensive income for the period		4,410	8,397
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		297,485	204,884
Earnings per share			
Basic and diluted earnings per share	19	1.97	1.32

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, 2013

	Share capital	Legal reserve*	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at January 1, 2012 (Audited) (Restated)	1,351,570	50,735	74,516	(154)	142	878,416	2,355,225
Total comprehensive income for the period	--	--	--	(23)	8,420	196,487	204,884
Issuance of bonus shares	135,157	--	--	--	--	(135,157)	--
Dividends paid (Note 13)	--	--	--	--	--	(175,704)	(175,704)
Balance at June 30, 2012 (Reviewed) (Restated)	1,486,727	50,735	74,516	(177)	8,562	764,042	2,384,405
Balance at January 1, 2013 (Audited) (Restated)	1,486,727	64,667	74,516	(161)	4,763	1,006,245	2,636,757
Total comprehensive income for the period	--	--	--	(136)	4,546	293,075	297,485
Net movement in reserves	--	(4,583)	--	--	--	4,583	--
Dividends paid (Note 13)	--	--	--	--	--	(223,009)	(223,009)
Balance at June 30, 2013 (Reviewed)	1,486,727	60,084	74,516	(297)	9,309	1,080,894	2,711,233

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

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

For the six month period ended June 30, 2013

	For the six month period ended June 30	
	2013 QR '000 (Reviewed)	2012 QR '000 (Reviewed) (Restated)
OPERATING ACTIVITIES		
Net profit for the period	293,075	196,487
Adjustments for:		
Depreciation	44,679	33,009
Employees' end of service benefits	5,845	6,045
Finance costs	8,311	8,886
Loss on disposal of property, plant and equipment	(54)	(5)
Share of profit from investment in joint ventures	(91,312)	(75,376)
Net losses (gains) on financial assets at fair value through profit or loss	1,215	(3,999)
Finance income	(10,617)	(12,485)
Net losses (gains) on disposal of available-for-sale investments	1,270	(909)
Operating profit before changes in working capital:	252,412	151,653
Inventories	(9,310)	(19,555)
Accounts receivable, insurance receivables and prepayments	42,219	(577,107)
Accounts payable, insurance payables and accruals	65,314	640,691
Cash from operations	350,635	195,682
Employees' end of service benefits paid	(1,741)	(2,139)
Finance costs paid	(8,311)	(8,886)
Net cash from operating activities	340,583	184,657
INVESTING ACTIVITIES		
Proceeds from disposal of financial investments	105,213	45,700
Receipt of finance income	10,617	12,485
Receipt of dividends income from joint ventures	101,920	50,960
Proceeds from disposal of property, plant and equipment	146	51
Acquisition of financial investments	(146,608)	(168,251)
Net movement in term deposits with maturities in excess of three months	312,393	136,512
Investment in joint ventures	(127,400)	(127,400)
Acquisition of a subsidiary net of cash received	--	(278,054)
Acquisition of property, plant and equipment and properties under development	(60,943)	(8,348)
Net cash from (used in) investing activities	195,338	(336,345)
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	--	618,827
Repayments of interest bearing loans and borrowings	(97,474)	(27,839)
Dividends paid	(223,009)	(175,704)
Net cash (used in) from financing activities	(320,483)	415,284
Net increase in cash and cash equivalents	215,438	263,596
Cash and cash equivalents at beginning of period	391,995	308,303
CASH AND CASH EQUIVALENTS END OF PERIOD (Note 11)	607,433	571,899

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, 2013

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.

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

		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%

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

		Country of incorporation	Percentage of Holding
Gulf Drilling International Limited Q.S.C.	Joint venture	Qatar	70%
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, 2013 were authorised for issue by the Board of Directors on July 30, 2013.

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

1.1 CHANGE IN ACCOUNTING POLICY

Starting from January 1, 2013, the Group changed its accounting policy for investment in a joint venture (“Gulf Drilling International Limited Q.S.C.”) from proportionate consolidation to equity method as required per the new standard of accounting for joint venture IFRS 11 “Joint Arrangement”.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended June 30, 2013 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, 2012. In addition, results for the six month period ended June 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

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, 2012 except for the adoption of new and revised standards and interpretations effective as of January 1, 2013.

In the current financial period, the Group has adopted certain new and revised standards and interpretations, mainly including:

IAS 1	Presentation of items of other comprehensive income
IFRS 10	Consolidated Financial Statements
IAS 27	Separate Financial Statements
IFRS 11	Joint arrangements
IAS 28	Investments in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

The adoption of these new / revised standards and interpretations has a material impact on the financial position and financial performance of the Group as of and for the period ended June 30, 2013 which resulted in a restatement of prior year’s /period’s balances.

The interim condensed consolidated financial statements are prepared in Qatari Riyals 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, 2013

3. BUSINESS COMBINATION

Acquisition of Amwaj Catering Services Limited Q.S.C.

On May 31, 2012, the Group acquired 100% shares of Amwaj Catering Services Limited Q.S.C. (the "Acquiree"), a company incorporated in the State of Qatar. The Acquiree is engaged in catering activities inside and outside State of Qatar. The Group has obtained control over the subsidiary in accordance with the Sale and Purchase Agreement effective from June 1, 2012.

The fair value of the identifiable assets and liabilities of the above subsidiary immediately prior to the acquisition and the computation of goodwill is detailed below:

	Carrying amounts immediately prior to the acquisition	Provisional fair value recognised on acquisition date
Assets	QR'000	QR'000
Property, plant and equipment	58,519	58,519
Inventories	9,345	9,345
Accounts receivable and prepayments	272,906	272,906
Bank balances and cash	75,099	75,099
	<u>415,869</u>	<u>415,869</u>
Liabilities		
Employees' end of service benefits	8,926	8,926
Accounts payable and accruals	213,319	213,319
	<u>222,245</u>	<u>222,245</u>
Net assets acquired at fair values		<u>193,624</u>
Less: Cost of business combination		<u>497,183</u>
Goodwill on acquisition (Note a)		<u><u>303,559</u></u>

Notes:

- (a) The Group has finalized the Purchase Price Allocation (PPA) to identify separately the intangible assets and goodwill arising from the acquisition. There were no derived values of intangibles and the entire amount represents goodwill.

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

3. BUSINESS COMBINATION (CONTINUED)

(b) The net cash outflow from the business combination is as follows:

	<u>QR'000</u>
Cash consideration	497,183
Less: Net cash acquired from the subsidiary	<u>(75,099)</u>
	<u>422,084</u>

(c) The goodwill of QR. 303 million comprises the value of expected synergies arising from the acquisition.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
	<u>QR '000</u> (Reviewed)	<u>QR '000</u> (Audited) (Restated)
As at January 1, (Net book value)	940,312	960,038
Additions	60,943	64,626
Disposals / write-offs	(93)	(565)
Depreciation during the period / year	<u>(44,679)</u>	<u>(83,787)</u>
As at June 30 / December 31, (Net book value)	<u>956,483</u>	<u>940,312</u>

5. INVESTMENT PROPERTIES

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>
Cost			
At June 30, 2013	<u>1,125</u>	<u>3,286</u>	<u>4,411</u>
Accumulated depreciation:			
At June 30, 2013	<u>--</u>	<u>3,286</u>	<u>3,286</u>
Net carrying amounts at June 30, 2013 (Reviewed)	<u>1,125</u>	<u>--</u>	<u>1,125</u>
Net carrying amounts at December 31, 2012 (Audited)	<u>1,125</u>	<u>--</u>	<u>1,125</u>

The management is of the view that the fair value of the land as at June 30, 2013, relating to Gulf Helicopters Company Q.S.C. approximates its fair value.

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

For the six month period ended June 30, 2013

6. INVESTMENT IN JOINT VENTURES

The following are the joint ventures whereby the Group has applied IFRS 11:

	<i>Country of incorporation</i>	<i>Ownership</i>	June 30, 2013	December 31, 2012
			QR'000	QR'000
			(Reviewed)	(Audited)
				(Restated)
Gulf Drilling International Limited Q.S.C. (a)	Qatar	70%	1,224,878	1,107,289
United Helicharters Private Limited (b)	India	36%	1,164	2,097
			1,226,042	1,109,386

(a) During the period, the Group has changed its accounting treatment of the joint venture from proportionate consolidation to equity method as per the requirements of IFRS 11. The accounting treatment of equity method requires the Group to record its share of net income and other comprehensive income items. As such, the change in accounting principle resulted in a restatement of prior year's /period's balances. The values and effects of such a restatement are outlined in Note 22.

(b) The Group previously classified this investment as an associate under IAS 28 and accounted for it using the equity method. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture and accordingly accounted for it as per revised IAS 28.

The summarised financial information in respect of the Group's share in joint venture companies are as follows:

	June 30, 2013	December 31, 2012
	QR '000	QR '000
	(Reviewed)	(Audited)
		(Restated)
Cash and bank balances	53,011	66,682
Other current assets	323,937	232,750
Non-current assets	2,428,805	1,861,505
Total assets	2,805,753	2,160,937
Debts due within one year	305,690	142,370
Other current liabilities	209,682	115,857
Debts due after one year	1,058,089	787,659
Other non-current liabilities	12,995	11,161
Total liabilities	1,586,456	1,057,047
Shareholder's equity	1,219,297	1,103,890

The Group's share of the net profit for the six month period ended June 30, 2013 and June 30, 2012 is as follows:

Net profit	91,310	75,376
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GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2013

7. HELD-TO-MATURITY INVESTMENTS

	June 30, 2013	December 31, 2012
	QR '000 (Reviewed)	QR '000 (Audited)
Debt securities	85,430	85,413

At June 30, 2013, the fair value of held-to-maturity investments amounted to QR. 88.65 million (December 31, 2012: QR. 90.49 million).

8. AVAILABLE-FOR-SALE INVESTMENTS

	June 30, 2013	December 31, 2012
	QR '000 (Reviewed)	QR '000 (Audited)
Quoted equity investments in Qatari public shareholding companies	98,774	52,391
Unquoted securities	2	2
	98,776	52,393
At cost	89,467	47,630
Net movement in fair value of investments	9,309	4,763
	98,776	52,393

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	June 30, 2013	December 31, 2012
	QR '000 (Reviewed)	QR '000 (Audited) (Restated)
Accounts receivable	290,294	141,960
Prepayments and other debit balances	452,588	581,516
	742,882	723,476

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

For the six month period ended June 30, 2013

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012
	QR '000 (Reviewed)	QR '000 (Audited)
Held for trading (i)	355,277	358,391
Designated as fair value through profit or loss (ii)	51,404	51,233
	<u>406,681</u>	<u>409,624</u>

(i) These represent financial assets held with a bank which are 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 and loss.

11. CASH AND CASH EQUIVALENTS

	June 30, 2013	June 30, 2012
	QR '000 (Reviewed)	QR '000 (Reviewed) (Restated)
Bank balances and cash	<u>659,549</u>	<u>1,050,900</u>

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

	For the six month period ended June 30,	
	2013	2012
	QR '000 (Reviewed)	QR '000 (Reviewed) (Restated)
Bank balances and cash	659,549	1,050,900
Less: Fixed deposits maturing after 90 days	<u>(52,116)</u>	<u>(479,001)</u>
	<u>607,433</u>	<u>571,899</u>

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

For the six month period ended June 30, 2013

12. SHARE CAPITAL

	June 30, 2013	December 31, 2012
	QR '000 (Reviewed)	QR '000 (Audited)
<i>Authorised, issued and paid up capital</i>		
148,672,695 ordinary shares of QR. 10 each (December 31, 2012: 148,672,695 ordinary shares of QR. 10 each)	1,486,727	1,486,727
	June 30, 2013	December 31, 2012
	(Reviewed)	(Audited)
	No of shares	No of shares
Balance at the beginning of the period	148,672,695	135,156,995
Bonus share issue (i)	--	13,515,700
Balance at the end of the period	148,672,695	148,672,695

- (i) A 10% bonus share issue was approved by the shareholders at the AGAM on March 26, 2012.

13. DIVIDENDS

The Annual General Assembly meeting held on March 18, 2013 approved cash dividends in respect of the year ended December 31, 2012 of QR. 1.50 per share (2011: QR. 1.30 per share), amounting to a total of QR. 223 million (2011: QR. 175.7 million).

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

14. LOANS AND BORROWINGS

	June 30, 2013	December 31, 2012
	QR '000 (Reviewed)	QR '000 (Audited) (Restated)
Various borrowings (i)	146,951	178,171
Islamic Financing (ii)	536,319	577,573
Islamic Financing (iii)	--	25,000
	<u>683,270</u>	<u>780,744</u>
Presented in the interim consolidated statement of financial position as follows:		
Non-current portion	543,942	667,995
Current portion	139,328	112,749
	<u>683,270</u>	<u>780,744</u>

Notes:

- (i) Gulf Helicopters Company Q.S.C., a subsidiary company has entered into various borrowing arrangements with a consortium of bankers in relation to its aviation business. All facilities in this regard bear interest rates varying between LIBOR plus 0.45% and LIBOR plus 1.5%. 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 1.75%. The loan is repayable in 15 semi-annual installments and is unsecured.
- (iii) On June 7, 2012, Amwaj Catering Services, a subsidiary company has entered into a Murabaha facility with an Islamic bank located and operating in Qatar. The subsidiary was granted an amount of QR. 75 million, bearing a profit rate of 5%, and rescheduled every three months. At December 31, 2012, QR. 50 million had already been settled by the subsidiary. The remaining loan was fully settled during the period.

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

For the six month period ended June 30, 2013

15. REVENUES

	For the six month period ended June 30,	
	2013	2012
	QR '000	QR '000
	(Reviewed)	(Reviewed) (Restated)
Revenue from aviation	308,306	246,231
Gross insurance revenue (a)	336,801	283,941
Revenue from catering services	474,124	60,913
	<u>1,119,231</u>	<u>591,085</u>

Note (a):

	For the six month period ended June 30,	
	2013	2012
	QR '000	QR '000
	(Reviewed)	(Reviewed) (Restated)
Gross premium	263,737	277,868
Movement in unearned premium, gross	46,367	(13,664)
Net commission income	26,697	19,737
Gross insurance revenue	<u>336,801</u>	<u>283,941</u>

16. DIRECT COSTS

	For the six month period ended June 30,	
	2013	2012
	QR '000	QR '000
	(Reviewed)	(Reviewed) (Restated)
Direct cost from aviation	174,877	143,193
Gross insurance expense (a)	299,633	273,649
Direct cost from catering services	418,006	52,818
	<u>892,516</u>	<u>469,660</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

16. DIRECT COSTS (CONTINUED)

Note (a):

	For the six month period ended June 30,	
	2013 QR '000 (Reviewed)	2012 QR '000 (Reviewed) (Restated)
Reinsurance cession	146,329	202,661
Movement in unearned premium, reinsurance	3,542	(64,031)
Net claims incurred	147,866	132,573
Brokerage cost	1,896	2,446
Gross insurance expense	<u>299,633</u>	<u>273,649</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 consolidated statement of comprehensive income are as follows:

	For the six month period ended June 30,	
	2013 QR '000 (Reviewed)	2012 QR '000 (Reviewed) (Restated)
Revenue	<u>271,528</u>	<u>148,935</u>
Direct and other operating expenses	<u>55,267</u>	<u>4,880</u>
Other income	<u>30,609</u>	<u>--</u>

	June 30, 2013 (Reviewed)		December 31, 2012 (Audited) (Restated)	
	Receivables QR'000	Payables QR'000	Receivables QR'000	Payables QR'000
Qatar Petroleum and other related parties	<u>352,565</u>	<u>96,683</u>	<u>354,534</u>	<u>90,002</u>

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For the six month period ended June 30, 2013

17. RELATED PARTY DISCLOSURES (CONTINUED)

	For the six month period ended June 30,	
	2013	2012
	QR'000	QR'000
	(Reviewed)	(Reviewed) (Restated)
<i>Compensation of key management personnel</i>		
Salaries and other benefits (including director's fees)	15,368	6,620

18. CONTINGENCIES AND COMMITMENTS

	June 30, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Audited) (Restated)
<i>Contingent liabilities:</i>		
Guarantees against performance bonds	48,979	26,164

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

	June 30, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Audited) (Restated)
<i>Commitments:</i>		
Capital commitments	112,896	150,528

19. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the period by the 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,	
	2013	2012
	(Reviewed)	(Reviewed) (Restated)
Profit for the period (QR'000)	293,075	196,487
Weighted average number of equity shares	148,672,695	148,672,695
Basic and diluted earnings per share (QR)	1.97	1.32

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

19. EARNINGS PER SHARE (CONTINUED)

Basic earnings per share for the prior year is stated after adjusting the weighted average number of shares for the effect of bonus issue during the period.

The weighted average numbers of shares have been calculated as follows:

	June 30, 2013	June 30, 2012
	(Reviewed)	(Reviewed)
	No of shares	No of shares
Qualifying shares at the beginning of the period	148,672,695	135,156,995
Effect of bonus share issue	<u> --</u>	<u>13,515,700</u>
Qualifying shares at the end of the period	<u>148,672,695</u>	<u>148,672,695</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".
- Catering; provides catering services to QP and its subsidiaries and affiliates as well as to other third parties
- Drilling; drilling – related services to the QP Group and its international co-ventures.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

20. OPERATING SEGMENTS (CONTINUED)

**For the six month period ended and as at June 30, 2013
(Reviewed)**

	<u>Insurance</u> QR'000	<u>Aviation</u> QR'000	<u>Catering</u> QR'000	<u>Drilling</u> QR'000	<u>Total</u> QR'000
Total external revenue	336,853	312,485	474,408	381,131	1,504,877
Inter-segment revenue	(52)	--	(284)	--	(336)
Net revenue	<u>336,801</u>	<u>312,485</u>	<u>474,124</u>	<u>381,131</u>	<u>1,504,541</u>
Net profit	<u>51,688</u>	<u>125,815</u>	<u>35,850</u>	<u>92,108</u>	<u>305,461</u>
Total assets	<u>1,950,769</u>	<u>1,272,618</u>	<u>478,247</u>	<u>2,799,294</u>	<u>6,500,928</u>

**For the six month period ended June 30, 2013 (Reviewed)
(Restated)**

	<u>Insurance</u> QR'000	<u>Aviation</u> QR'000	<u>Catering</u> QR'000	<u>Drilling</u> QR'000	<u>Total</u> QR'000
Total external revenue	284,384	252,643	60,958	298,453	896,438
Inter-segment revenue	(443)	--	(45)	--	(488)
Net revenue	<u>283,941</u>	<u>252,643</u>	<u>60,913</u>	<u>298,453</u>	<u>895,950</u>
Net profit	<u>32,681</u>	<u>95,304</u>	<u>4,707</u>	<u>74,114</u>	<u>206,806</u>
Total assets (At December 31, 2012) (Audited) (Restated)	<u>2,014,304</u>	<u>1,256,702</u>	<u>479,738</u>	<u>2,066,575</u>	<u>5,817,319</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

20. OPERATING SEGMENTS (CONTINUED)**Reconciliation of reportable segments profit or loss**

	For the six month period ended June 30,	
	2013	2012
	QR'000	QR'000
	(Reviewed)	(Audited)
		(Restated)
Total profit for reportable segments	305,461	206,806
Other un-allocable profit or loss (represents profit or loss of parent company including dividends from the subsidiaries and joint ventures)	293,754	150,623
Elimination of dividends paid to parent company by subsidiaries	(306,140)	(160,942)
Consolidated profit for the period	293,075	196,487
	June 30, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Audited)
		(Restated)
Reconciliation of reportable segments total assets		
Total assets for reportable segments	6,500,928	5,817,319
Other un-allocable assets	2,459,175	2,358,317
Recognition of investment in joint ventures using equity method of accounting	533,520	543,332
Elimination of investments in subsidiaries	(1,309,068)	(1,309,068)
Elimination of inter-segment assets	(75,000)	(78,887)
Assets relating to joint ventures	(2,804,590)	(2,072,467)
Consolidated total assets for the period/year	5,304,965	5,258,546

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, 2012.

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six month period ended June 30, 2013

21. FINANCIAL INSTRUMENTS AT FAIR VALUE

The fair value of financial instruments approximates their carrying value.

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.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
<i>As at June 30, 2013 (Reviewed)</i>				
Assets measured at fair value				
Available-for-sale investments	98,776	98,776	--	--
Financial assets at fair value through profit or loss	406,681	406,681	--	--
<i>As at December 31, 2012 (Audited)</i>				
Assets measured at fair value				
Available-for-sale investments	52,393	52,393	--	--
Financial assets at fair value through profit or loss	409,624	409,624	--	--

During the reporting period/year ended June 30, 2013 and December 31, 2012, 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.

GULF INTERNATIONAL SERVICES Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six month period ended June 30, 2013

22. PRIOR YEAR ADJUSTMENTS

The consolidated financial statements for the year ended December 31, 2012 have been restated to reflect the new accounting treatment of a joint venture as per IFRS 11. The Group has changed its accounting treatment of a joint venture from proportionate consolidation to equity method in respect of its joint venture "Gulf Drilling International Limited Q.S.C.". The values and effects of such restatement are outlined as follows:

December 31, 2012 restatements:

	2012 (as reported)	Adjustments	2012 (restated)
	QR'000	QR'000	QR'000
Non-current assets	<u>3,245,112</u>	<u>(752,924)</u>	<u>2,492,188</u>
Current assets	<u>3,055,998</u>	<u>(289,640)</u>	<u>2,766,358</u>
Net assets/equity	<u>2,636,757</u>	<u>--</u>	<u>2,636,757</u>
Non-current liabilities	<u>1,491,457</u>	<u>(793,323)</u>	<u>698,134</u>
Current liabilities	<u>2,172,896</u>	<u>(249,241)</u>	<u>1,923,655</u>

23. COMPARATIVE FIGURES

Certain of the prior year/period amounts have been reclassified in order to conform with current period's presentation.