

**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, 2016**

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, 2016

INDEX	Page
Independent auditor's review report	--
Interim condensed consolidated statement of financial position	I
Interim condensed consolidated statement of profit or loss and other comprehensive income	2
Interim condensed consolidated statement of changes in equity	3
Interim condensed consolidated statement of cash flows	4
Notes to the interim condensed consolidated financial statements	5 - 18

QR. 82543

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf International Services Q.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group") as of June 30, 2016 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting"- (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. 34 "Interim Financial Reporting".

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Other matter

We draw attention to Note 2 to the interim condensed consolidated financial statements which explains that a new Qatar commercial companies' law was issued, replacing Law No. 5 of 2002. On July 7, 2015 the new law was included in the official Gazette for effective use and application. The new law came into effect 30 days from the date of its official publication in the Gazette, noting that all entities were granted a period of 6 months from the effective date (i.e. until February 7, 2016) of the new law to comply with the provisions of the law. An additional 6 months were granted to comply with the provisions of the law until August 7, 2016 and later an extension was granted until February 7, 2017. Management is still in the process of assessing the impact of the new law on its financial statements. The Company's management is in the process of assessing the impact of the new law on their Articles of Association and consolidated financial statements.

Doha - Qatar
August 2, 2016

For Deloitte & Touche
Qatar Branch



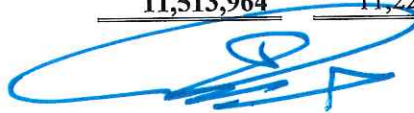
Walid Slim
Partner
License No. 319

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

As at June 30, 2016

	Notes	June 30, 2016 QR '000 (Reviewed)	December 31, 2015 QR '000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	7,640,989	7,364,128
Goodwill	3	303,559	303,559
Intangible asset	5	2,780	3,336
Held-to-maturity financial assets	6	85,540	85,521
Available-for-sale financial assets	7	308,078	314,419
		<u>8,340,946</u>	<u>8,070,963</u>
Current assets			
Inventories		220,088	221,984
Due from related parties	16	489,979	598,460
Accounts receivable and prepayments	8	852,615	841,481
Insurance receivables		260,942	328,237
Financial assets at fair value through profit or loss	9	206,945	206,417
Bank balances and cash	10	1,142,449	961,207
		<u>3,173,018</u>	<u>3,157,786</u>
TOTAL ASSETS		<u>11,513,964</u>	<u>11,228,749</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,858,409	1,858,409
Legal reserve		340,893	340,893
General reserve		74,516	74,516
Foreign currency translation reserve		797	871
Fair value reserve		13,700	21,200
Retained earnings		1,606,810	1,631,940
Total equity		<u>3,895,125</u>	<u>3,927,829</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		71,348	74,631
Loans and borrowings	13	4,907,478	3,690,290
		<u>4,978,826</u>	<u>3,764,921</u>
Current liabilities			
Due to related parties	16	8,883	19,533
Accounts payable, insurance payables and accruals		1,832,739	2,049,711
Loans and borrowings	13	798,391	1,466,755
		<u>2,640,013</u>	<u>3,535,999</u>
Total liabilities		<u>7,618,839</u>	<u>7,300,920</u>
TOTAL EQUITY AND LIABILITIES		<u>11,513,964</u>	<u>11,228,749</u>


 Suleiman Haidar Al-Haider
 Vice-Chairman


 Khalid Saeed Al-Rumaihi
 Board Member

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

GULF INTERNATIONAL SERVICES Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six month period ended June 30, 2016

		For the six month period ended June 30,	
	Notes	2016 QR '000 (Reviewed)	2015 QR '000 (Reviewed)
Revenue	14	1,602,634	2,294,485
Direct costs	15	(1,301,352)	(1,566,691)
GROSS PROFIT		301,282	727,794
Finance income		12,040	9,843
Net gain on financial assets at fair value through profit or loss		528	10,305
Other income		14,074	27,719
Finance costs		(54,834)	(39,880)
General and administrative expenses		(112,379)	(130,375)
NET PROFIT FOR THE PERIOD		160,711	605,406
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on available-for-sale financial assets		(7,500)	(1,981)
Net foreign exchange difference on translation of foreign operations		(74)	58
Other comprehensive loss for the period		(7,574)	(1,923)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		153,137	603,483
Earnings per share			
Basic and diluted earnings per share	18	0.86	3.26

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, 2016

	Share capital QR'000	Legal reserve* QR'000	General reserve QR'000	Foreign currency translation reserve QR'000	Fair value reserve QR'000	Retained earnings QR'000	Total QR'000
Balance at January 1, 2015 (Audited)	1,858,409	286,538	74,516	(349)	31,588	1,927,027	4,177,729
Total comprehensive income for the period	--	--	--	58	(1,981)	605,406	603,483
Dividends declared (Note 12)	--	--	--	--	--	(1,022,125)	(1,022,125)
Balance at June 30, 2015 (Reviewed)	<u>1,858,409</u>	<u>286,538</u>	<u>74,516</u>	<u>(291)</u>	<u>29,607</u>	<u>1,510,308</u>	<u>3,759,087</u>
Balance at January 1, 2016 (Audited)	1,858,409	340,893	74,516	871	21,200	1,631,940	3,927,829
Total comprehensive income for the period	--	--	--	(74)	(7,500)	160,711	153,137
Dividends declared (Note 12)	--	--	--	--	--	(185,841)	(185,841)
Balance at June 30, 2016 (Reviewed)	<u>1,858,409</u>	<u>340,893</u>	<u>74,516</u>	<u>797</u>	<u>13,700</u>	<u>1,606,810</u>	<u>3,895,125</u>

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

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 CASH FLOWS

For the six month period ended June 30, 2016

		For the six month period ended June 30	
	Notes	2016	2015
		QR '000 (Reviewed)	QR '000 (Reviewed)
OPERATING ACTIVITIES			
Net profit for the period		160,711	605,406
Adjustments for:			
Depreciation and amortization	4 & 5	272,289	249,686
Finance costs		54,834	39,880
Finance income		(12,040)	(9,843)
Employees' end of service benefits		9,844	10,323
Net gain from disposal of financial investments		(528)	(10,305)
Loss on disposal of property, plant and equipment		183	1,915
Change in foreign currency translation reserve		(74)	58
Amortisation of discount of held to maturity financial assets		(19)	(19)
Loss on disposal of investment properties		--	375
Operating profit before changes in working capital:		485,200	887,476
Inventories		1,896	(6,589)
Accounts and insurance receivables, prepayments and due from related parties		164,642	35,299
Accounts and insurance payables, accruals and due to related parties		(233,121)	37,465
Cash generated from operations		418,617	953,651
Employees' end of service benefits paid		(13,127)	(4,114)
Finance costs paid		(54,834)	(39,880)
Net cash generated from operating activities		350,656	909,657
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	4	(549,238)	(324,905)
Net movement in term deposits with maturities in excess of three months		(91,208)	95,642
Receipt of finance income		12,040	9,843
Acquisition of financial investments		(5,207)	(55,048)
Proceeds from disposal of financial investments		4,048	30,071
Proceeds from disposal of property, plant and equipment		461	--
Net cash used in investing activities		(629,104)	(244,397)
FINANCING ACTIVITIES			
Additions to loans and borrowings		1,565,200	798,631
Repayments of loans and borrowings		(1,016,376)	(397,733)
Dividends paid	12	(180,342)	(974,691)
Net movement in cash at banks --- dividends		(5,499)	(62,017)
Net cash generated from / (used in) financing activities		362,983	(635,810)
Net increase in cash and cash equivalents		84,535	29,450
Cash and cash equivalents at beginning of period		394,480	542,453
CASH AND CASH EQUIVALENTS END OF PERIOD	10	479,015	571,903

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, 2016

1. CORPORATE INFORMATION

Gulf International Services Q.S.C. (the "Company" or together with its subsidiaries referred to as the "Group") is a Company incorporated in the State of Qatar under commercial registration number 38200 as a Qatari Shareholding Company on February 12, 2008. The principal activity of the Company is to operate as a holding company. The registered office of the Company is situated in Doha, State of Qatar.

The Company was incorporated by Qatar Petroleum ("QP") as a sole shareholder with an initial capital of QR. 5 million on February 12, 2008 which is the date of incorporation of the Company.

Until February 24, 2008, the equity interests in the portfolio companies Gulf Helicopters Q.S.C. ("GHC"), Gulf Drilling International Q.S.C. ("GDI") and Al Koot Insurance and Reinsurance Company S.A.Q. ("Al Koot") were held directly by QP and Japan Drilling Company ("JDC") (In case of GDI – 30% was owned by JDC) and the equity interests of QP were transferred to the Company on February 24, 2008.

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

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

On 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.

On April 30, 2014, the Company acquired additional 30% of the voting shares of Gulf Drilling International Limited Q.S.C, a company incorporated in the State of Qatar that resulted to 100% ownership. The Group has obtained control over the company, therefore, the company became a subsidiary of Gulf International Services Q.S.C., in accordance with the sale and purchase agreement, effective from date of additional acquisition.

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

		Country of incorporation	Percentage of holding June 30, 2016	Percentage of holding December 31, 2015
Al Koot Insurance & Reinsurance Company S.A.Q.	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Company Ltd. Q.S.C.	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company Q.S.C.	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited Q.S.C. (formerly a joint venture)	Subsidiary	Qatar	100%	100%

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

1. CORPORATE INFORMATION (CONTINUED)

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

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

The interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2016 were authorised for issue by the Board of Directors on August 2, 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six month period ended June 30, 2016 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, 2015. In addition, the results for the six month period ended June 30, 2016 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

The Emir HH Sheikh Tamim Bin Hamad Al Thani issued Emiri decision No. 11 of 2015, replacing Law No. 5 of 2002. On July 7, 2015 the new commercial companies' law was included in the official Gazette for effective use and application. The new law which came into effect 30 days from the date of its official publication in the Gazette, granted a period of 6 months from its effective date (i.e. till February 7, 2016) to comply with the provisions of the law. An additional 6 months were granted to comply with the provisions of the law until August 7, 2016 and later an extension was granted until February 7, 2017. Management is still in the process of assessing the impact of the new law on its interim condensed financial statements.

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, 2015 except for the adoption of revised standards effective as of January 1, 2016. However, they do not impact the interim condensed consolidated financial statements of the Group.

(i) New Standard:

Effective for annual periods beginning on or after January 1, 2016

- IFRS 14 *Regulatory Deferral Accounts*

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(ii) Revised Standards:

Effective for annual periods beginning on or after 1 January 2016

- IFRS 10 & IAS 28 (Revised) *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 11 (Revised) *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 12 (Revised) *Amendments regarding the application of the consolidation exception.*
- IAS 1 (Revised) *Amendments resulting from the disclosure initiative.*
- IAS 16 (Revised) *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IAS 27 (Revised) *Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*
- IAS 38 (Revised) *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IAS 41 (Revised) *Amendments bringing bearer plants into the scope of IAS 16.*
- Annual Improvements 2012-2014 Cycle *Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.*

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2015.

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

3. GOODWILL

	June 30, 2016 QR '000 (Reviewed)	December 31, 2015 QR '000 (Audited)
Cost	303,559	303,559
Accumulated impairment losses	--	--
	<u>303,559</u>	<u>303,559</u>

The goodwill arose when the Group, in May 2012, acquired 100% shares of Amwaj Catering Services Limited Q.S.C., a company incorporated in the state of Qatar.

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

For the six month period ended June 30, 2016

3. GOODWILL (CONTINUED)

The recoverable amount of the goodwill is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate at 10% per annum.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

4. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2016	December 31, 2015
	QR '000	QR '000
	(Reviewed)	(Audited)
As at January 1, (Net book value)	7,364,128	7,037,488
Additions	549,238	833,991
Transfers	--	1,125
Disposals / write-offs	(644)	(10,230)
Depreciation during the period / year	(271,733)	(498,246)
As at June 30 / December 31, (Net book value)	<u>7,640,989</u>	<u>7,364,128</u>

5. INTANGIBLE ASSETS

	June 30, 2016	December 31, 2015
	QR '000	QR '000
	(Reviewed)	(Audited)
As at January 1, (Net book value)	3,336	--
Transfer from provisional goodwill	--	5,559
Amortization during the period / year	(556)	(2,223)
As at June 30 / December 31, (Net book value)	<u>2,780</u>	<u>3,336</u>

During 2014, Gulf Helicopters Company Q.S.C. (The Company's subsidiary) has acquired an equity stake in Redstar Havacılık Hizmetleri A.Ş for an amount of QR. 10 million, which resulted in recognition of a provisional goodwill which was adjusted and reflected as intangible assets with carrying amount of QR. 3,336 thousands as at December 31, 2015. This acquisition included net cash outflow amounting to QR. 9 million.

The identifiable intangible asset represents air operating license in Turkey that have a definite useful life of 5 years.

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

For the six month period ended June 30, 2016

6. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2016	December 31, 2015
	QR '000 (Reviewed)	QR '000 (Audited)
Debt securities	<u>85,540</u>	<u>85,521</u>

At June 30, 2016, the fair value of held-to-maturity financial assets amounted to QR. 90 million (December 31, 2015: QR. 90 million).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2016	December 31, 2015
	QR '000 (Reviewed)	QR '000 (Audited)
Quoted equity investments in Qatari public shareholding companies	308,076	314,417
Unquoted securities	<u>2</u>	<u>2</u>
	<u>308,078</u>	<u>314,419</u>
At cost	294,378	293,219
Cumulative movement in fair value of investments	<u>13,700</u>	<u>21,200</u>
	<u>308,078</u>	<u>314,419</u>

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	June 30, 2016	December 31, 2015
	QR '000 (Reviewed)	QR '000 (Audited)
Accounts receivable	659,394	620,132
Prepayments and other debit balances	<u>193,221</u>	<u>221,349</u>
	<u>852,615</u>	<u>841,481</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2016	December 31, 2015
	QR '000 (Reviewed)	QR '000 (Audited)
Held for trading	<u>206,945</u>	<u>206,417</u>

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

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

For the six month period ended June 30, 2016

10. CASH AND CASH EQUIVALENTS

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

	June 30, 2016 QR'000 (Reviewed)	December 31, 2015 QR'000 (Audited)
Cash at banks and in hand	509,552	321,167
Fixed deposits – less than three months	79,077	177,428
Fixed deposits – more than three months	553,820	462,612
Bank balances and cash as per interim condensed consolidated statement of financial position	1,142,449	961,207
Less: Fixed deposits – more than three months	(553,820)	(462,612)
Less: Cash at banks – dividends	(109,614)	(104,115)
	(663,434)	(566,727)
Cash and cash equivalents per interim condensed consolidated statement of cash flows	479,015	394,480

11. SHARE CAPITAL

	June 30, 2016 QR '000 (Reviewed)	December 31, 2015 QR '000 (Audited)
<i>Issued and paid up capital</i>		
185,840,868 ordinary shares of QR. 10 each (December 31, 2015: 185,840,868 ordinary shares of QR. 10 each)	1,858,409	1,858,409
	June 30, 2016 (Reviewed) No. of shares	December 31, 2015 (Audited) No. of shares
Balance at the end of the period/year	185,840,868	185,840,868

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

For the six month period ended June 30, 2016

12. DIVIDENDS

The Annual General Assembly meeting held on March 2, 2016 approved cash dividends in respect of the year ended December 31, 2015 of QR. 1 per share (2014: QR. 5.5 per share), amounting to a total of QR. 185.8 million (2014: QR. 1,022.1 million).

Below is the movement in dividends payable balance during the period:

	2016 (Reviewed) QR '000s	2015 (Audited) QR '000s
At January 1	104,115	56,681
Dividends declared during the period/year	185,841	1,022,125
Dividends paid during the period/year	(180,342)	(974,691)
At June 30/December 31	<u>109,614</u>	<u>104,115</u>

13. LOANS AND BORROWINGS

	June 30, 2016 QR '000 (Reviewed)	December 31, 2015 QR '000 (Audited)
Various borrowings (i)	4,955,338	4,325,045
Islamic Financing (ii)	521,731	582,400
Islamic Financing (iii)	228,800	249,600
	<u>5,705,869</u>	<u>5,157,045</u>

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

Non-current portion	4,907,478	3,690,290
Current portion	798,391	1,466,755
	<u>5,705,869</u>	<u>5,157,045</u>

Notes:

- (i) The borrowings are related to the Company and its subsidiaries companies, Gulf Helicopters Company Q.S.C. and Gulf Drilling International Q.S.C. These companies have entered into various borrowing arrangements with different banks. All facilities in this regard bear interest rates varying between LIBOR plus 0.45% - 2.274%. The loans are to be repaid in quarterly installments and are unsecured.
- (ii) On May 23, 2012, the Group obtained a syndicated Murabaha facility of US\$ 170 million from a consortium of lenders to finance the acquisition of Amwaj Catering Services. The effective profit rate is LIBOR plus 1.35%. The loan is repayable in 15 semi-annual installments and is unsecured.

On April 20, 2014, the Company obtained a syndicated Murabaha facility of US\$ 80 million from an Islamic Bank located in Qatar, along with the additional amount of US\$ 80 million, details in (iii) below, to finance the acquisition of the additional 30% of Gulf Drilling International Q.S.C. The effective profit rate is LIBOR plus 1.45%.

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

For the six month period ended June 30, 2016

13. LOANS AND BORROWINGS (CONTINUED)

The loan is repayable in 15 semi-annual instalments and is unsecured.

- (iii) On April 20, 2014, the company obtained a loan of US\$ 80 million from a commercial bank located in Qatar to finance the acquisition of the additional 30% of Gulf Drilling International Q.S.C. The effective interest rate is LIBOR plus 1.45%. The loan is repayable in 14 semi-annual instalments and is unsecured.

14. REVENUE

	For the six month period ended June 30,	
	2016 QR '000 (Reviewed)	2015 QR '000 (Reviewed)
Gross insurance revenue (a)	259,586	335,159
Revenue from aviation	266,067	327,054
Revenue from catering services	458,270	560,490
Revenue from drilling	618,711	1,071,782
	<u>1,602,634</u>	<u>2,294,485</u>

Note (a):

	For the six month period ended June 30,	
	2016 QR '000 (Reviewed)	2015 QR '000 (Reviewed)
Gross premium	176,070	290,603
Movement in unearned premium, gross	65,655	17,314
Net commission income	17,861	27,242
Gross insurance revenue	<u>259,586</u>	<u>335,159</u>

15. DIRECT COSTS

	For the six month period ended June 30,	
	2016 QR '000 (Reviewed)	2015 QR '000 (Reviewed)
Gross insurance expense (a)	207,001	300,303
Direct aviation cost	174,653	205,024
Direct cost of catering services	383,980	484,059
Direct cost of drilling	535,718	577,305
	<u>1,301,352</u>	<u>1,566,691</u>

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

15. DIRECT COSTS (CONTINUED)

Note (a):

	For the six month period ended June 30,	
	2016 QR '000 (Reviewed)	2015 QR '000 (Reviewed)
Reinsurance cession	91,745	124,508
Movement in unearned premium, reinsurance	30,519	11,569
Net claims incurred	78,373	161,810
Brokerage cost	6,364	2,416
Gross insurance expense	207,001	300,303

16. RELATED PARTY DISCLOSURES

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

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

	For the six month period ended June 30,	
	2016 QR '000 (Reviewed)	2015 QR '000 (Reviewed)
Revenue	662,780	785,005
Direct and other operating expenses	111,140	132,031
Other income	14,382	23,941

	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)	
	Receivables QR'000	Payables QR'000	Receivables QR'000	Payables QR'000
Qatar Petroleum and other related parties	489,979	8,883	598,460	19,533

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

For the six month period ended June 30, 2016

16. RELATED PARTY DISCLOSURES (CONTINUED)

	For the six month period ended June 30,	
	2016	2015
	QR'000	QR'000
	(Reviewed)	(Reviewed)
<i>Compensation of key management personnel</i>		
Salaries and other benefits (including director's fees)	<u>20,014</u>	<u>19,837</u>

17. CONTINGENCIES AND COMMITMENTS

	June 30, 2016	December 31, 2015
	QR'000	QR'000
	(Reviewed)	(Audited)
<i>Contingent liabilities:</i>		
Guarantees against performance bonds	<u>330,418</u>	<u>163,292</u>

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

	June 30, 2016	December 31, 2015
	QR'000	QR'000
	(Reviewed)	(Audited)
<i>Commitments:</i>		
Capital commitments	<u>572,886</u>	<u>90.</u>

18. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the period by the adjusted weighted average number of equity shares outstanding at the end of the reporting period.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	For the six month period ended June 30,	
	2016	2015
	(Reviewed)	(Reviewed)
Profit for the period (QR'000)	<u>160,711</u>	<u>605,406</u>
Adjusted weighted average number of equity shares	<u>185,840,868</u>	<u>185,840,868</u>
Basic and diluted earnings per share (QR)	<u>0.86</u>	<u>3.26</u>

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

19. OPERATING SEGMENTS

The Group has four (4) reportable segments, as described below. The segments offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the segments, the chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Insurance; providing a range of insurance and reinsurance services to Qatar Petroleum ("QP") and its subsidiaries and its affiliates.
- Aviation; provider of helicopter transportation services in Qatar and India. Also operating as a provider of helicopter transportation services in Middle East and North Africa (MENA region). The aviation segment includes the information relating to Gulf Helicopters Company's joint venture "United Helicharters Private Limited" and its subsidiary.
- Catering; provides catering services to QP and its subsidiaries and affiliates as well as to other third parties.
- Drilling; related services to the QP Group and its international co-ventures.

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

19. OPERATING SEGMENTS (CONTINUED)

The following table presents the information regarding the Group's operating segments including its subsidiaries and joint venture:

For the six month period ended and as at June 30, 2016

For the six month period ended and as at June 30, 2016 (Reviewed)	Insurance QR'000	Aviation QR'000	Catering QR'000	Drilling QR'000	Total QR'000
Total external revenue	259,586	266,067	473,892	618,711	1,618,256
Inter-segment revenue	--	--	(15,622)	--	(15,622)
Net revenue	259,586	266,067	458,270	618,711	1,602,634
Net profit / (loss)	57,127	76,740	69,742	(14,800)	188,809
Total assets	1,810,158	1,572,712	548,112	6,971,205	10,902,187

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

For the six month period ended and as at June 30, 2015 (Reviewed)	Insurance QR'000	Aviation QR'000	Catering QR'000	Drilling QR'000	Total QR'000
Total external revenue	335,159	327,054	583,460	1,071,782	2,317,455
Inter-segment revenue	--	--	(22,970)	--	(22,970)
Net revenue	335,159	327,054	560,490	1,071,782	2,294,485
Net profit	66,558	108,656	73,795	381,261	630,270
Total assets (At December 31, 2015) (Audited)	1,872,659	1,659,293	580,702	6,488,784	10,601,438

GULF INTERNATIONAL SERVICES Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

19. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segments profit or loss

	For the six month period ended June 30,	
	2016	2015
	QR'000	QR'000
	(Reviewed)	(Reviewed)
Total profit for reportable segments	188,809	630,270
Other un-allocable profit or loss (represents profit or loss of parent company including dividends from the subsidiaries and joint venture)	286,366	1,060,135
Elimination of dividends paid to parent company by subsidiaries	(302,584)	(1,072,868)
Other adjustments	(11,880)	(12,131)
Consolidated profit for the period	160,711	605,406

June 30,	December 31,
2016	2015
QR'000	QR'000
(Reviewed)	(Audited)

Reconciliation of reportable segments total assets

Total assets for reportable segments	10,902,187	10,601,438
Other un-allocable assets	2,714,003	2,710,141
Elimination of investments in subsidiaries	(2,270,839)	(2,270,839)
Assets relating to purchase price allocation	218,020	229,886
Elimination of inter-segment assets	(49,407)	(41,877)
Consolidated total assets for the period/year	11,513,964	11,228,749

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, 2015.

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

For the six month period ended June 30, 2016

20. FINANCIAL INSTRUMENTS AT FAIR VALUE

The fair value of financial instruments approximates their carrying values.

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that is not based on observable market data.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
<i>As at June 30, 2016 (Reviewed)</i>				
Assets measured at fair value				
Available-for-sale financial assets	308,076	--	2	308,078
Financial assets at fair value through profit or loss	206,945	--	--	206,945
	<u>515,021</u>	<u>--</u>	<u>2</u>	<u>515,023</u>
<i>As at December 31, 2015 (Audited)</i>				
Assets measured at fair value				
Available-for-sale financial assets	314,417	--	2	314,419
Financial assets at fair value through profit or loss	206,417	--	--	206,417
	<u>520,834</u>	<u>--</u>	<u>2</u>	<u>520,836</u>

During the reporting period/year ended June 30, 2016 and December 31, 2015, 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.