Mission
Gulf International Services (GIS) is committed to improve its quality of services, widen the services range and broaden its business across borders to help sustain profitable growth, adding value to its shareholders and satisfy its customer’s expectations.

Vision
GIS aims to be a premier quality service provider mainly to the national and / or international oil and gas industry and other industries.

“Extending market share as a core service provider in the Qatari Oil & Gas sector”
His Highness
Sheikh Tamim bin Hamad Al Thani
The Amir of the State of Qatar
His Highness
Sheikh Hamad bin Khalifa Al Thani
The Father Amir
SHEIKH KHALID BIN KHALIFA AL-THANI
Chairman

SULEIMAN HAIDAR AL-HAIDER
Vice Chairman

GHANIM MOHAMMED AL KUWARI
Board member

MOHAMMED ABDULLAH ALI AL-MANNAI
Board member

SHEIKH JASSIM BIN ABDULLAH AL-THANI
Board member

SAAD RASHID AL-MUHANNADI
Board member

ABDULLA KHALIFA AL-RABBAN
Board member
LETTER FROM THE CHAIRMAN
Dear Shareholders,

I am honored to present to you the 2019 Annual Report of Gulf International Services Q.P.S.C., one of the largest services groups in Qatar with interests in a broad cross-section of industries, ranging from insurance and reinsurance to onshore and offshore drilling, accommodation barges, helicopter transportation and catering services.

I would like to thank and congratulate my fellow Gulf International Services (“GIS” or “Group”) Board members and the management of the Group’s companies for their dedication, hard work and commitment. Together we have delivered sustained and resilient results under challenging conditions. I would also especially like to thank the Group’s shareholders for their continuing trust and support.

OUR STRATEGY

The Group is focused on reducing operating and financing costs, better utilizing assets to increase its market share in Qatar and enter new international markets.

Our top priority is to reposition the Group’s core oil and gas services business by minimizing costs and maximizing asset utilization in order to become more efficient and better able to leverage our domestic and international strengths to increase market share and shareholder value.

OUR MARKETS

2019 was a year of improved performance for GIS, as the Group entered new markets and pushed forward its growth strategy initiatives and cost optimization programs.

The Group’s aviation business, Gulf Helicopter Company (GHC), is the only supplier of helicopter services in Qatar, and one of the largest helicopter operator in the MENA region and operates in Europe, Africa and Asia. GHC is also operating a subsidiary in Turkey, as well as through joint ventures in Morocco and India.

The Group’s drilling business, Gulf Drilling International (GDI), is Qatar’s drilling market leader, with a 100% share of the onshore oil and gas drilling services market and with a majority share of the offshore market in Qatar. During 2019, GDI went through a transformation to optimize costs and better utilization of assets. The domestic drilling market has witnessed recent expansion by the Qatar’s North Field Expansion Project.

The Group’s insurance business, Al-Koot Insurance, serves not only oil and gas sector clients, but increasingly large corporate customers from a range of industries in Qatar. During the year, Al-Koot became one of the largest medical insurance providers in Qatar, and witnessed increase in market share of general insurance.

The Group’s catering business, AMWAJ, is one of Qatar’s largest industrial caterers, serving oil and gas customers...
as well as other industries domestically. During the year, Amwaj won multi-faceted contracts in its manpower segment. Overall, during 2019, GIS group companies have actively benefitted from Qatar’s North Field Expansion projects and captured market share by entering new markets, as well as, growing its presence in Qatar.

OUTLOOK
Looking ahead, Qatar’s NFE project will drive further growth across the GIS Group. A contract for six new offshore rigs has already been awarded, which will benefit GDI, and the project will increase demand for GIS’s aviation and catering businesses which is expected to grow our business domestically in the medium term.

In aviation segment, GHC is focused on growing internationally through selective investments and tapping new business opportunities by leveraging its strategic relationships with international oil and gas companies. GHC also has a priority to increase its maintenance and overhaul business both domestically and internationally.

In Drilling, GDI is poised to maintain its current market share by securing renewals and increase its market presence in offshore services by bidding to win new tenders, internationally, with better pricing.

In insurance segment, Al-koot is focused to increase its medical segment market share domestically with better terms and an aim to minimizing loss ratio. International business is expected to grow with new clients and investments to provide optimal returns. The catering business is focused domestically on building market share by winning new clients through aggressive pricing and cost-modeling, and by pushing forward on its continuous rationalization programs.

Overall, GIS intends to drive further shareholder value through expansion programs that will grow market share domestically and internationally, and by optimizing its finance costs contributing towards the Group’s greater financial flexibility to better leverage its advantages and pursue a growth strategy that maximizes shareholder value.

FINANCIAL RESULTS
The financial results of GIS in 2019 reflected the Group’s improved business performance with organic, as well as inorganic, growth in market share across all segments driving net profit, which surged 144% to reach QR 44 million during the year, with an earnings per share of QR 0.023.

CREATING SHAREHOLDER VALUE
From the initial public offering in February 2008 through 2016, the Group’s shareholders have received accumulated cash dividends of approximately QR 2.7 billion, which is equivalent to approximately QR 16.6 per share, with an average payout ratio of approximately 52%. In addition, shareholders have received a total of 63 million additional shares through three bonus issuances.

The Board of Directors believes that a dividend payment in 2019 will be a burden on the Group’s liquidity position, and may create obstacles to future strategy deployment as the Group tries to expand market share, consolidate its position, and reduce reliance on expensive external sources of finance. The Group will deploy the retained funds carefully to capture the present and future opportunities. We thank our shareholders for their support, and expect fullest cooperation to execute our plans.

CONCLUSION
On behalf of the Board of Directors, I express our deep gratitude to His Highness the Amir, Sheikh Tamim Bin Hamad Al-Thani, for his inspired leadership, unwavering efforts and continued support and guidance in promoting Qatar’s oil and gas sector. His Highness has been the driving force for Qatar’s growth into an advanced society capable of sustaining its development through human, social, economic and environmental progress. As a proud Qatari company, GIS is fully committed to supporting the national vision.

Finally, I am confident that my fellow Board members and the senior management of the Group and its companies are well prepared for the year ahead. No doubt there will be new opportunities and new challenges, and much work towards realizing our strategic targets, but together we look forward to ensuring GIS remains one of the largest oil and gas services group in Qatar, with a strategic footprints in key regional markets.
BOARD OF DIRECTORS’ REVIEW
BOARD OF DIRECTORS’ REVIEW

“Cost savings and better topline growth, with a continuous focus on market share expansion.”

The Board of Directors is pleased to present its annual review of the financial and operational performance of Gulf International Services for 2019.

GIS OWNERSHIP OVERVIEW

GIS’s ownership structure includes the parent shareholder (founder), Qatar Petroleum, which holds a 10% stake and a special share. The General Retirement and Social Insurance Authority of Qatar (GRSIA) is the largest shareholder in the Company, and currently holds 22%, whereas, Qatar Investment Authority owns 3.8% of the stake and the remainder of the stake is held by public.

OUR STRATEGY

The Group’s base-case business strategy is to grow market share in its drilling and aviation businesses by better utilizing assets, cutting costs and leveraging demand from Qatar’s NFE natural gas infrastructure project to expand domestically and tap new international opportunities. The aviation business aims to keep its 100% domestic market share, while acting on opportunities to grow its international footprint in MENA and Europe. The insurance and catering segments are focused on cutting costs, rationalizing their organizations, with an objective to maintain market presence, enhance profitability and provide a broad selection of services in their respective market segments and winning new businesses in the oil and gas sector through aggressive pricing. Another key strategy is to significantly reduce financing costs to provide GIS with the flexibility to grow the business and deploy capital strategically in the core oil and gas services sector to unlock further growth and enhance shareholder value.

MACROECONOMIC OVERVIEW

The growth of oil and gas services industry is purely linked to oil price levels and the overall expansion of the industry in terms of investments. In recent years, we observed the launch of new projects in our key markets, especially the North Field Expansion (NFE) project and the new Ethylene and Derivative complex, which has made the Qatari oil and gas services sector more attractive and is providing opportunities to unlock future growth.

Moreover, the recent surge in oil and gas exploration activities, especially in Africa, has made the aviation services segment more attractive for growth. Also, the recent regulatory reforms in Qatar, which is expected to spur demand in the medical insurance sector.

OUTLOOK

The Group is focused on lowering operating costs, enhancing asset optimization and reduce financing costs, which will give GIS greater flexibility to exploit its competitive advantages to grow domestically and accelerate its international expansion.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

We continued to focus on health and safety and ensuring that process safety remained a core value for all our people in 2019. Together we achieved a series of progressive milestones, demonstrating that we are on track towards our HSE goal of ensuring all GIS’s workplaces are safe for everyone. Those milestones included increasing HSE awareness, conducting safety trainings and increasing safety awareness by promoting safer work systems. Our efforts were recognized with a number of prestigious industry awards.
The Group’s strategy is to continue to enhance and align HSE standards with global standards to support the core objective of operational excellence.

ACHIEVING COST EFFICIENCIES AND ASSET UTILIZATION

GIS is on a continuous journey to transform itself into a leaner, more efficient organization, and strict cost discipline will guide these efforts going forward. Although the Group has implemented measures for cost optimization in 2019, it is expected to further rationalize its resources and optimize financing costs into the coming years.

In terms of asset utilization, GIS’s main focus in 2019 was to ensure optimal utilization of its assets without compromising quality and safety standards. In this regard, the Group was able to successfully deliver on its targeted utilization rates in the drilling and helicopter services segments.

MARKET EXPANSION

Expansion of market share has been a key highlight for GIS this year, with all businesses showing growth and creating space for future opportunities. The expansion of our drilling, insurance, aviation and catering businesses is essential for the Group, and a high priority going forward as GIS looks to leverage its strong domestic market share to enter new markets around the world.

Specifically, success in 2019 was made in the Insurance segment, where the addition of several new corporate clients in the rapidly expanding medical business line led the growth. The Aviation segment expanded its international footprint by securing contracts in Europe, Africa and the Middle East, and by expanding business at its Turkish subsidiary, with 65% growth in international revenues noted during the year.

The Drilling segment maintained its utilization levels during 2019, as the Company capitalized relationships with internationally renowned partners and commenced operation of a new offshore rig, the West Tucana.

In addition, GDI has recently signed a contract for six jack-up rigs for NFE project, which validated the Group market expansion strategy, where GDI has formed a JV (a 50% stake each), with its international partner SeaDrill, where GDI will also provide management services to the JV. This contract is expected to kick-start in Q1-2020 onwards. The Catering segment also won new contracts in man-power segment, which contributed to segments revenue growth for the year.

COMPETITIVE ADVANTAGES

The Group’s businesses hold significant market share that provide a level of strategic leverage unparalleled to its competitors.

GIS’s drilling business is the only oil and gas onshore drilling services provider in Qatar, and the business has a significant market share for the off-shore drilling segment in Qatar. Similarly, the aviation business is the only provider of helicopter services in Qatar, has a modern and well-maintained fleet, and is one of the largest helicopter operator in the MENA region.

GIS’s medical insurance business is one of the leading providers of medical insurance in the country, serving not just oil and gas sector companies, but leading corporate accounts. The catering business is a leading provider of services to Qatar’s offshore operations.

More generally, the Group derives strength from operating in diverse business segments, which give GIS a broader footing to weather fluctuations in individual sectors. In addition, across the Group, the segments are supported by an experienced senior leadership with deep sectoral expertise. These competitive advantages have been pivotal in enabling the Group to further improve its operational excellence, asset utilization, cost positioning, access to markets, operating asset base and funding position.

FINANCIAL RESULTS

Underpinned by revenue growth, the Group posted a net profit of QR 44 million, up 144% from a net loss of QR 98 million in 2018. The Group’s total revenue for the year ended 31 December 2019 increased 20% from 2018 to QR 3.0 billion, as compared to QR 2.5 billion last year, following significant expansion in insurance premiums, maintaining asset utilization levels in drilling, and expanding internationally in aviation.

For the year ended 31 December 2019, the Group reported an EBITDA of QR 724 million.
The improved profitability is mainly attributed to the recoveries made in the drilling segment, where improved cost efficiencies and the absence of asset impairment provisioning contributed to reducing losses in the segment. The growth in international revenues of the aviation business also contributed positively to the Group’s net earnings.

The Group’s total assets also rose 4% during the year to reach QR 10.8 billion as of 31 December 2019. On the liquidity front, the closing cash, including short-term investments, stood at QR 908 million. The Group has a total debt of QR 4.7 billion as of 31 December 2019, down 6% compared to last year.

DIVIDENDS
Given the potential opportunities available to the Group to expand its market share, and the need to remain financially flexible with the current debt structure, the Board of Directors believes that a dividend payment in 2019 will be a burden on the Group’s liquidity position and will place pressure on future strategy.

Hence, the Board of Directors recommends no dividend payment for the financial year ended 31 December 2019 and GIS will deploy the retained funds to capture the present and future opportunities.

CONCLUSION
The Board of Directors expresses its gratitude to His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, for his wise guidance and strategic vision. Our gratitude is also extended to the clients of GIS for their continued trust and faith, and to the senior management of the Group companies for their hard work, commitment and dedication.

We would also like to thank our esteemed shareholders for the great trust you place in us.
BOARD OF DIRECTORS’ SEGMENT REVIEW
The business strategy for the Drilling segment has been built on key pillars: improving safety, improving asset utilization levels, reducing operating costs, diversifying internationally and expanding client base and optimizing debt structures.

**KEY ACHIEVEMENTS**

The Group’s Gulf Drilling International (GDI) Les Hat operations team won “Rig of the Quarter” in the third quarter from the drilling management team of Qatargas for their work in the high specification offshore Les Hat jack-up drilling rig.

Also, during the year, members of GDI extended their industry leadership role in the region by hosting the 19th GCC National Drilling Contractors forum, which was attended by senior management and delegates from Oman and Kuwait.

**KEY HSE REALIZATIONS**

In 2019, GDI expanded its existing HSE efforts by launching new programs to enhance the safety and well-being of workers, while limiting the environmental footprint, which helped to complete the year without a lost-time incident and zero damage to environment.

There were no recordable incidents for the technical and offshore drilling teams and the total recordable incident rate (TRIR) for the year was 0.11, which is a record achievement with zero lost time incidents. Going forward, the key goal is to improve HSE standards and achieve Goal Zero targets.

**ACHIEVING COST EFFICIENCIES**

Achieving cost efficiency is a cornerstone of our strategy. GDI is systematically examining all facets of its operations to identify cost savings and efficiencies, to reduce operating and capital expenditures and free up more resources to invest further. Cost optimization also gives the segment more financial flexibility to pursue new growth opportunities or react to market turbulence.

In terms of achievements, GDI made significant progress during the year in reducing operating and capital expenditure costs in its core liftboat, onshore and offshore drilling operations including its supply chain. The segment was able to reduce its direct costs by QR 35 million and general and administrative expenses by QR 23 million.

In supply chain management, GDI initiated negotiations with its original equipment manufacturers (OEMs) and frequent tier vendors which resulted in GDI obtaining corporate and volume discounts with best optimal lead times. Optimization on manpower costs assisted GDI to deliver better financial efficiencies.
Going forward, the Group intends to retain a dedicated and professional operations team, improve the quality of its reporting, keep a strong focus on safety and take other measures both internal and external to boost efficiency and reduce costs.

**ASSET UTILIZATION**

The Group is committed to maintaining the optimum utilization level of the rig fleet, while ensuring that safety and performance standards are not compromised.

The Group’s strategy is to operate a fleet of high-performing, safe on- and off-shore rigs that are models of efficiency and responsive to customer feedback. With one off-shore and one on-shore rig remaining off contract, the total rig utilization stood at 90%.

**OPERATIONAL PERFORMANCE UPDATE**

GDI is one of a few drilling contractors globally that owns and operates both offshore and onshore rigs. Land rigs operated at an optimal efficiency ratio, with 100% market share in Qatar.

Offshore rigs adhere closely to GDI processes and generally are well managed by operational teams who are committed to safe operations and instilling a spirit of teamwork. This has led to a persistent decline in rig average downtimes, with the total downtime hours and zero rate hours remaining low as compared to last year.

**FINANCIAL PERFORMANCE**

The performance of the drilling segment improved during 2019, as the lift-boat Rumailah returned to service, and the new offshore drilling rig, West Tucana, began operations, a result of our increasingly productive relationships with renowned, international partners. This caused revenue to grow 2% to reach QR 1.2 billion versus last year.

The segment made good progress by cutting operating costs through outsourcing services, rationalizing structures and optimizing operational activity, with no requirement of impairment provisions for its assets during the year. As a result, the segment reduced its net loss by 61% during the year to a loss of QR 102 million for 2019, down from a loss of QR 264 million in 2018.

**OUTLOOK**

Looking ahead, the drilling segment is uniquely placed to unlock solid growth opportunities, mainly due to the North Field expansion project for which GDI has been awarded a contract to provide six premium jack-up rigs, which will commence operations in various phases from 2020 with a firm contract period ranging from 2.7 years to 3.5 years and an option to extend for additional three years.

GDI has created a new Joint Venture (JV) along with Sea Drill in the Qatar Financial Center (QFC) during the year, to deploy rigs for this new contract.

The first rig of this new contract will commence its operations in Q1-2020. GDI will enhance its reputation on a global scale by operating these technically demanding rigs. Moreover, GDI is positioning itself for international opportunities, which would not only boost utilization and cash flows, but also provide avenues to diversify internationally.

GDI is currently bidding various international opportunities in drilling with international and national oil companies for diversifying its geographical client base.

**AVIATION SERVICES**

**STRATEGY**

The business strategy of the Aviation services segment is built on expanding domestically and growing the international footprint with focus on MENA and Africa. The strategy also targets growing the fleet to meet anticipated growth requirements; upgrading the fleet to retain the existing customer base, with the most advanced aircraft; and growing maintenance, repair and overhaul activities.
KEY ACHIEVEMENT
Gulf Helicopter Company (GHC) fully utilized its entire contractable fleet during the year, while expanding its presence in Africa, and pushing ahead with the growth of its engineering services business into new markets such as Kuwait, where GHC secured a long-term government contract.

In addition, GHC is in advanced stages of qualifying as an approved global supplier to international oil and gas companies, and the Company’s maintenance and training facilities have received civil aviation approvals from foreign countries.

MARKET EXPANSION UPDATES
Growing the international footprint of the Company with a focus on MENA and Africa has remained the Aviation segment’s main priority during 2019. Another key objective is to expand GHC’s Maintain and Repair Organization (MRO) business.

In 2019, GHC took several steps to further these goals, expanding its business in Pakistan, South Africa, Angola and Kuwait. It also invested in Morocco to become a joint venture partner with an existing operator, which would open new international growth opportunities and further synergies through deploying additional aircraft.

Through its market-specific strategy, the Company in 2019 secured two contracts in Africa and one contract in Turkey.

KEY HSE REALIZATIONS
GHC conducted a wide range of HSE-related training and educational activities in 2019 that enhanced awareness of health and safety issues. For its efforts, GHC received the Operator Safety Award in 2019 from Helicopter Association International.

The enhanced safety reporting culture and emphasis on HSE regulations and procedures helped GHC maintain consistent HSE performance during 2019. As a result, no major HSE incidents were reported during the year.

ACHIEVING COST EFFICIENCIES
GHC is working systematically to implement cost-saving measures and operating efficiencies that will not compromise the health and safety of workers. This strategy is designed to reduce operating and capital expenditures, and free up financial resources for needed investment to grow the business and enhance shareholder value.

In 2019, GHC made significant progress toward reducing operating and capital expenditure costs by centralizing the administrative functions of its international operations at its corporate base in Doha, Qatar. The savings and rigorous cost controls enabled GHC to achieve 4% reduction in its general and administrative expenses.

Going forward, GHC has embarked on a review of its entire fleet, which could create opportunities to reduce operating costs.

ASSET UTILIZATION
GHC continued its efforts in optimum asset utilization for 2019, achieving more than 100% of budgeted flying hours.

Going forward, we are in the process of upgrading our fleet to ensure we retain our existing customers and maintain a core fleet that has the latest-technology aircraft.

FINANCIAL PERFORMANCE
The Aviation segment grew 8% in terms of revenue during the year, to reach QR 586 million at the end of 2019, which translated into 2% growth in the segment’s net profit to QR 143 million.

Growth came mainly from the international operations, which secured short-term contracts in Angola, Spain, Oman, Kuwait, Cyprus and South Africa, as well as its Turkish subsidiary, Red Star Aviation, which drove revenue above 2018 levels.

The domestic aviation business, which is consisting of oil and gas aviation services and VVIP transportation, continued its positive business trajectory.
OUTLOOK
Looking ahead, the Aviation segment is poised to unlock more business in Qatar as increased demand from the nation’s NFE natural gas expansion project drives greater exploration activity and growth in the fleet. The continued focus on key international markets that require extensive oil and gas aviation services will drive growth and shareholder value.

GHC is focused on tapping opportunities for its inorganic growth potential across the world. GHC’s recent acquisition of a 49% stake in Air Ocean Maroc is also set to spur growth, as the Moroccan JV explores new opportunities in Morocco, Western Africa and Southern Europe.

GHC is closely monitoring its fleet revolving strategy to ensure its fleet remains state of the art as per new requirements of its oil & gas customers in Qatar and repositioning its existing fleet for deployment in international market.

INSURANCE
STRATEGY
The business strategy for the insurance segment is built on several key objectives where the segment seeks to expand gross written premiums with a continued focus on medical and general insurance and diversify by accessing new non-oil and gas sector clients.

Other key elements of the strategy include growing internationally and seizing opportunities in Qatar by leveraging national projects such as the North Field Expansion, the 2022 FIFA World Cup and Qatar’s 2030 National Vision.

The Company has also adopted a reinsurance model to ensure efficient risk management and limit claims risk, and is investing in profitable securities to ensure efficient liquidity management and create shareholder value.

KEY ACHIEVEMENT
The segment recorded several notable achievements during the year, among them the medical line of business increased exponentially by 370% in terms of gross premiums. Al-koot efficiently managed its exponential growth by transferring equal share of the risks associated with the medical policies issued to its strategic partner AXA.

During the year, Al-koot maintained a solvency ratio of 200%, which aided the Company to maintain its credit rating of A- (S&P) with a stable outlook.

MARKET EXPANSION UPDATES
In line with the core objective to grow the business, the medical insurance line added key tier-one clients such as Qatar Petroleum, Qatar Gas, Al Jazeera and Qatar Airways. With these additions, Al-Koot became one of the largest medical insurance provider in Qatar in terms of gross written premiums.

The general insurance line was able to extend its international reach by acquiring several key clients in 2019, while retaining key local clients, reporting growth of 11% in gross premiums for 2019.

FINANCIAL PERFORMANCE
Revenue rose 92% as compared to last year to reach QR 830 million. Investment income grew to QR 59 million, reporting substantial increase of 32% during the year. The segment’s net profit declined by 70% to QR 16 million, mainly as a result of higher claims.

In a bid to minimize the risks associated with medical insurance claims, the Group entered into a reinsurance model that will streamline the claim settlement process.

OUTLOOK
Looking ahead, the insurance segment is continuing to reprice current contracts and improve management of claims, to ensure loss ratio is maintained below its set target. By renewing policies with better terms and reorganizing its exposure, the Company is working towards maintaining its market share and growth potential across all segments.
Savings were generated in the procurement process, and other direct costs were reduced through new measures and leasing arrangements. The Company also reduced rental costs, and in total, reduced its general and administration expenses in 2019.

FINANCIAL PERFORMANCE
The Group’s Catering segment saw revenues rise 7% to reach QR 431 million during the year, amid the successful bidding of new contracts. However, profits fell by 50% to QR 12 million amid the absence of favorable one-time items from the previous year (provision reversals booked in 2018). The segment continues to seek new opportunities for business in the oil and gas, as well as non-oil sectors.

OUTLOOK
Looking ahead, Qatar’s catering services market is expected to grow at a positive rate through to 2024. This will be mainly driven by the NFE Project and FIFA 2022 World Cup in Qatar, where a high volume of visitors are expected. This will further increase demand for catering and accommodation services in the hospitality sector, where AMWAJ is well positioned to act on these opportunities.

CATERING SERVICES

STRATEGY
The business strategy for the Catering services segment has been built on enhancing client retention, increasing the tender success ratio and raising the level of manpower and facility management services to enhance shareholder value. Other key elements of the strategy include continuous cost optimization and diversification to non-oil and gas sector clients.

KEY ACHIEVEMENTS
In 2019, the Catering segment’s AMWAJ business achieved its targets in existing project retention, success-ratio tenders and customer satisfaction. The Company received best contractor awards from many reputable clients.

MARKET EXPANSION UPDATES
The segment successfully signed new contracts including Qatargas, WOQOD, QAFAC and the Qatar Supreme Committee for catering services, where most contracts were for periods of more than 1 year. This is in line with AMWAJ’s continuous efforts to grow its client base and expand market share.

ACHIEVING COST EFFICIENCIES
During 2019, AMWAJ made progress by optimizing the organization structure and leveraging efficiencies through an assortment of rationalization measures. The Company took other significant steps to control overhead costs and reposition AMWAJ on a more profit-driven footing as it pursues growth and expansion.

Over and above, Al-Koot is continuing its efforts to tap opportunities in the tightening reinsurance market with expectation of increased premium rates for both local business as well as international business, apart from deploying enhancing treaty limits, treaty capacities and alternative proportional treaties.
GIS GROUP AT A GLANCE
GIS GROUP AT A GLANCE

OVERVIEW
Gulf International Services Q.P.S.C. (GIS) was incorporated as a Qatari joint stock company on 12 February 2008 by Resolution Number 42 of 2008 of the State of Qatar’s Ministry of Economy and Commerce, pursuant to its Memorandum and Articles of Association and Law Number 5 of 2002 concerning Commercial Companies. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law. The registered office is located at P.O. Box 3212, Doha, State of Qatar.

Through its Group companies, GIS operates in four distinct segments: insurance and reinsurance, drilling and associated services, helicopter transportation services and catering services.

HEAD OFFICE FUNCTIONS AND MANAGEMENT STRUCTURE
Qatar Petroleum provides all of the head office functions for GIS through a comprehensive services agreement. The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.

OWNERSHIP STRUCTURE

- Qatar Petroleum (10%)
- GRSIA (22%)
- Others (68%)
- Gulf International Services
  - Aviation Segment
    - Gulf Helicopters Company (100%)
  - Drilling Segment
    - Gulf Drilling International (100%)
  - Insurance Segment
    - Al-Koot Insurance (100%)
  - Catering Segment
    - Amwaj Catering Services (100%)
GIS 2019 PERFORMANCE

**Revenue (QR ‘millions)**
- 2018: 2,519
- 2019: 3,011
  (+20%)

**EBITDA (QR ‘millions)**
- 2018: 746
- 2019: 724
  (-3%)

**Net Profit (QR ‘millions)**
- 2018: -98
- 2019: 44
  (+144%)

**Earnings per share (QR)**
- 2018: -0.053
- 2019: 0.023
  (+144%)

**Total Assets (QR ‘billions)**
- 2018: 10.3
- 2019: 10.8
  (+4%)

**Total Debt (QR ‘millions)**
- 2018: 4,997
- 2019: 4,687
  (-6%)
GIS BUSINESS SEGMENTS AT A GLANCE

GIS operates in four business segments: Drilling, Insurance, Aviation and Catering.

DRILLING

GULF DRILLING INTERNATIONAL (“GDI”)

GDI was incorporated in 2004 as a joint venture between Qatar Petroleum (80%) and Japan Drilling Company (40%). Subsequent to exercising a share option provision within the joint venture agreement, QP increased its stake to 69.99% and then transferred this shareholding to GIS.

With effect from May 1, 2014, GIS exercised an option in the joint venture agreement and acquired the remaining 30% of GDI, resulting in GDI becoming a wholly-owned subsidiary of GIS.

GDI currently has direct ownership of 16 drilling rigs (8 offshore rigs and 8 onshore rigs), which are used to drill wells suitable for oil and natural gas extraction, 1 jack-up accommodation barge and 2 lift boats.

AVIATION

GULF HELICOPTERS COMPANY (“GHC”)

Originally incorporated in 1970 under the name of Gulf Helicopters Limited as a subsidiary of British Overseas Airways Corporation, the company was subsequently acquired by Gulf Air, and then sold to Qatar Petroleum (QP) in 1998. QP transferred its 100% shareholding to GIS in 2008. GHC provides helicopter transportation services in Qatar, Gulf Region, Africa, Europe, India and Turkey.

GHC’s core operational activities consist of a variety of helicopter transportation services, including offshore/onshore transporting, long and short-line load lifting, seismic support, VIP executive transport, and ad-hoc short-term contracts, simulator training and component maintenance.

DRILLING SEGMENT FINANCIAL PERFORMANCE FOR 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (QR 'billions)</th>
<th>Net Profit (QR 'millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1.1</td>
<td>294</td>
</tr>
<tr>
<td>2019</td>
<td>1.2</td>
<td>-102</td>
</tr>
</tbody>
</table>
GHC HOLDS DIRECT / INDIRECT OWNERSHIP IN THE FOLLOWING COMPANIES IN VARIOUS INTERNATIONAL LOCATIONS:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Relationship</th>
<th>Country of Incorporation</th>
<th>Percentage of Holding</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Helicharters Private Limited</td>
<td>Joint venture</td>
<td>India</td>
<td>62%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Air Ocean Maroc</td>
<td>Joint venture</td>
<td>Morocco</td>
<td>49%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gulf Med Aviation Services Limited</td>
<td>Joint venture</td>
<td>Malta</td>
<td>49%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Al Maha Aviation Company</td>
<td>Subsidiary</td>
<td>Libya</td>
<td>92%</td>
<td>92%</td>
<td>92%</td>
</tr>
<tr>
<td>Redstar Havacilik Hizmetleri A.S.</td>
<td>Subsidiary</td>
<td>Turkey</td>
<td>49%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Gulf Helicopters Investment &amp; Leasing Company</td>
<td>Subsidiary</td>
<td>Morocco</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

AVIATION SEGMENT FINANCIAL PERFORMANCE FOR 2019

<table>
<thead>
<tr>
<th></th>
<th>Revenue (QR ‘millions)</th>
<th>Net Profit (QR ‘millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>542</td>
<td>141</td>
</tr>
<tr>
<td>2019</td>
<td>586</td>
<td>143</td>
</tr>
</tbody>
</table>

INSURANCE

AL KOOT INSURANCE AND REINSURANCE COMPANY

Incorporated in 2003, it is currently a wholly-owned subsidiary of GIS. All of the Company’s services are principally provided within the construction, operations, marine, and medical insurance and reinsurance fields.

INSURANCE SEGMENT FINANCIAL PERFORMANCE FOR 2019

Revenue (QR ‘millions)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>433</td>
<td>830</td>
</tr>
</tbody>
</table>

Net Profit (QR ‘millions)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53</td>
<td>16</td>
</tr>
</tbody>
</table>
AMWAJ CATERING SERVICES COMPANY LIMITED

Incorporated in 2006 as a wholly-owned subsidiary of Qatar Petroleum, and was subsequently acquired by GIS on June 1, 2012.

In addition to its original objective of providing high quality catering services, AMWAJ has diversified to encompass cleaning, pest control, manpower supply, facilities management, camp management, retail and VIP catering.

With soft facility management services, which include commercial cleaning services that cover both internal and external areas, the company offers comprehensive and efficient services that include cleaning & janitorial and laundry services for clients.

AMWAJ Catering Services also offers distinguished and high quality Corporate Hospitality and VIP dining services for small exclusive gatherings or large high profile celebrations, also catering for Wedding Banquets etc.

CATERING SEGMENT FINANCIAL PERFORMANCE FOR 2019
INDEPENDENT AUDITOR’S REPORT
INDEPENDENT AUDITOR’S REPORT

To the shareholders of Gulf International Services Q.P.S.C.

Report on the audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Gulf International Services Q.P.S.C (the ‘Company’), and its subsidiaries (together referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group’s consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<thead>
<tr>
<th>Description of key audit matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of IFRS 16 ‹Leases› effective from 1 January 2019</td>
</tr>
<tr>
<td>We focused on this area because:</td>
</tr>
<tr>
<td>IFRS 16 “Leases” which the Group implemented on 1 January 2019;</td>
</tr>
<tr>
<td>• requires complex accounting treatments, including use of significant estimates such as lease terms and judgements for the determination of transition options and practical expedients; and</td>
</tr>
<tr>
<td>• the transition of which, gave rise to a right of use asset of QR 68,659 million (Note 8) and an increase in lease liabilities of QR 72,934 million (Note 8) which are material to the consolidated financial statements.</td>
</tr>
<tr>
<td>Accordingly, we have considered this to be a key audit matter.</td>
</tr>
</tbody>
</table>

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

• Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice;
• Considering the appropriateness of the transition approach and practical expedients applied;
• Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments; and
• Evaluating the reasonableness of management’s key judgements and estimates made in preparing the transition adjustments specifically around estimation of the lease terms and;
• Evaluating the completeness, accuracy and relevance of the transition disclosures in line with IFRS 16.
<table>
<thead>
<tr>
<th>How the matter was addressed in our audit</th>
<th>Description of key audit matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment of property and equipment – refer to note 6 of the consolidated financial statements. We focused on this area because: • The carrying value of the Group’s drilling rig related assets and aircraft that are subject to impairment testing and included within “Property and equipment” as at 31 December 2019 is QR 6,071 million. This represents 56% of the Group’s total assets, hence a material portion of the consolidated statement of financial position. • As a result of unstable oil prices and linkage of some of the contracts with the crude oil prices, there is increased likelihood of impairment of these assets. • There is increased complexity and involves significant judgment in forecasting future cash flows in the drilling and aircraft industry due to the nature of its operations and prevailing market conditions, hence we considered this to be a key audit matter.</td>
<td>Our audit procedures in this area included, among others: • Understanding the Group’s process of identifying indicators of impairment in drilling rig related assets and aircrafts; • Assessing the competence and capabilities of the staff in the Group who performed the technical assessment of recoverable amounts; • Involving our own valuation specialists to support us in challenging the recoverable amounts derived by the Group, in particular: - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in the impairment model including utilization of rig related assets and aircraft, growth rates, operating margins, discount rate, etc. • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.</td>
</tr>
<tr>
<td>Impairment of property and equipment – refer to note 13 and 22 of the consolidated financial statements. We focused on this area because: • The Group’s reinsurance contract liabilities represent 18% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned contributions. • The valuation of these insurance liabilities involves significant judgement regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported (‘IBNR’) and unearned premium reserves (‘UPR’) involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter.</td>
<td>Our audit procedures in this area included, among others: • Testing the design and operating effectiveness of the control around reserving process, reported claims, unreported claims and unearned contribution; • Testing a sample of outstanding claims and related reinsurance recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; • Assessing the competence and capabilities of the management expert appointed by the Group; • Engaging our own actuarial specialist to evaluate appropriateness of the methodology and actuarial estimates of the management’s expert, in particular: - Assessing and challenging the key reserving assumptions including loss ratios, frequency and severity of claims, and reasonableness of estimates made by the Group; and - Evaluating whether reserving was consistent in approach, with sufficient justification for changes in assumptions. • Evaluating the historical accuracy of the development of outstanding claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by management; and • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.</td>
</tr>
</tbody>
</table>
**KEY AUDIT MATTERS (CONTINUED)**

<table>
<thead>
<tr>
<th>How the matter was addressed in our audit</th>
<th>Description of key audit matters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impairment of goodwill</strong> — refer to note 7 of the consolidated financial statements</td>
<td>Our audit procedures in this area included, among others:</td>
</tr>
<tr>
<td>The Group has recognized goodwill in the amount of QR 303.56 million.</td>
<td>• Assessing the competence and capabilities of the staff within the Group who performed the impairment testing;</td>
</tr>
<tr>
<td>The goodwill arises as a result of acquisitions of a Group’s subsidiary which is a separate cash-generating unit (CGU) of the Group.</td>
<td>• Involving our own valuation specialists to support us in challenging the recoverable amount derived by the Group, in particular:</td>
</tr>
<tr>
<td>The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecasted cash flow models. This model uses several key assumptions, including estimates of projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate).</td>
<td>- Assessing the appropriateness of the methodology used by the Group to assess impairment; and</td>
</tr>
<tr>
<td></td>
<td>- Assessing the appropriateness of the key assumptions used in impairment model including projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate) etc. which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry;</td>
</tr>
<tr>
<td></td>
<td>• Evaluating the adequacy of the consolidated financial statement disclosures including the disclosures of key assumptions and judgments.</td>
</tr>
</tbody>
</table>

**OTHER INFORMATION**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company’s 2019 Annual Report (the “Annual Report”), but does not include the Company’s consolidated financial statements and our auditor’s report thereon. Prior to the date of this auditor’s report, we obtained the report of the Board of Directors which forms part of the Report, and the remaining sections of the Annual Report are expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, when it becomes available, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

**RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.

Furthermore, the physical count of the inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the applicable provisions of Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company’s Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company’s consolidated financial position or performance at and for the year ended 31 December 2019.

19 February 2020
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors’ Registry Number 251
Licensed by QFMA: External Auditors’ License No. 120153
INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Gulf International Services Q.P.S.C (GIS)

Report on Compliance with the Qatar Financial Markets Authority’s Governance Code for Companies & Legal Entities Listed on the Main Market

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market (“the Code”) issued by the Qatar Financial Markets Authority (“QFMA”), we were engaged by the Board of Directors of Gulf International Services Q.P.S.C (GIS) (“the Company”) to carry out a limited assurance engagement over the Board of Director’s assessment of compliance of the Company with QFMA’s relevant legislations including the Code as at 31 December 2019.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company is responsible for preparing the corporate governance report that covers at the minimum the requirements of Article 4 of the Code. The Board of Directors provided its ‘Report on compliance with QFMA’s relevant legislations including the Code’ (the ‘Statement’), which was shared with KPMG on 04 February 2020, which is to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement.

The Board of Directors is also responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

OUR RESPONSIBILITIES

Our responsibility is to examine the Statement prepared by the Company and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, in accordance with the Code, as the basis for our limited assurance conclusion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Company’s compliance with the Code and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Company’s compliance with QFMA’s relevant legislations including the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Company’s compliance with QFMA’s relevant legislations including the Code, and evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the
The procedures performed over the Statement include, but are not limited to:

• Reviewed the assessment completed by the Board of Directors to validate the Company’s compliance with QFMA’s relevant legislations including the Code;
• Reviewed the supporting evidence provided by the Board of Directors to validate the Company’s compliance with QFMA’s relevant legislations including the Code; and
• Conducted additional procedures as deemed necessary to validate the Company’s compliance with QFMA’s relevant legislations including the Code (e.g. review governance policies, procedures and practices, etc.).

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

OTHER INFORMATION

The other information comprises the information to be included in the Company’s annual corporate governance report which is expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

CHARACTERISTICS AND LIMITATIONS OF THE STATEMENT

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

CRITERIA

The criteria for this engagement is assessment of compliance with QFMA’s relevant legislations including the Code.

CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on our limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Board of Directors’ Statement, does not present fairly, in all material respects, the Company’s compliance with QFMA’s relevant legislations including the Code as at 31 December 2019.

RESTRICTION OF USE OF OUR REPORT

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company’s own internal purposes) or in part, without our prior written consent.

19 February 2020
Doha
State of Qatar
Gopal Balasubramaniam
KPMG
Auditor’s Registration no. 251
Licensed by QFMA: External Auditor’s License no.120153

19 February 2020
Gopal Balasubramaniam
Doha
State of Qatar
KPMG
Auditor’s Registration no. 251
Licensed by QFMA: External Auditor’s License no.120153
INDEPENDENT REASONABLE ASSURANCE REPORT
To the Shareholders of Gulf International Services Q.P.S.C.

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Gulf International Services Q.P.S.C. ("the Company") to carry out a reasonable assurance engagement over Board of Directors’ description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Company’s internal controls over financial reporting (the ‘ICOFR’) as at 31 December 2019 (the “Statement”).

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors are responsible for fairly stating the Statement that is free from material misstatement and for the information contained therein.

The Statement, signed by the Company’s Chairman, which was shared with KPMG on 19 February 2020, is to be included in the annual report of the Company and includes:

• the Board of Directors’ assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
• the description of the process and internal controls over financial reporting for the processes of compliance, general ledger and financial reporting, management reporting, Information Technology General Controls (as applicable);
• designing, implementing and testing controls to achieve the stated control objectives; identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
• planning and performance of the management’s testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO” or “COSO Framework”).

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Company’s ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant processes of the Company.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

OUR RESPONSIBILITIES

Our responsibility is to examine the Statement prepared by the Company and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the Code of Ethics for Professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement whether due to fraud or error.

Our engagement included assessing the appropriateness of the Company’s ICOFR, and the suitability of the control objectives set out by the Company in preparing and presenting the Statement in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed and implemented and are operating effectively as of 31 December 2019 based on the COSO Framework. Reasonable assurance is less than absolute assurance.

The procedures performed over the Statement include, but are not limited to, the following:

• Conducted inquiries with management of the Company to gain an understanding of the risk assessment and scoping exercise conducted by management;
• Examined the in-scope areas using materiality at the Company’s Standalone financial statement level;
• Assessed the adequacy of the following:
  - Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix (“RCM”);
  - Entity level controls documentation and related risks and controls as summarized in the RCM;
  - Information Technology risks and controls as summarized in the RCM;
  - Disclosure controls as summarized in the RCM.
• Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
• Examined the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
• Assessed the significance of any additional gaps identified through the procedures performed.
• Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
• Examined the management’s testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
• Re-performed tests on key controls to gain comfort on the operating effectiveness of management testing.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

We have made such enquiries of the auditors of significant components within the Company and have reviewed their work to the extent necessary to form our conclusion. We remain solely responsible for our conclusion.

OTHER INFORMATION

The other information comprises the information to be included in the Company’s annual report. We have not obtained the other information to be included in the annual report which is expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

CHARACTERISTICS AND LIMITATIONS OF THE STATEMENT

The Company’s internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

CRITERIA

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Company, based on the criteria established in the COSO Framework.
CONCLUSIONS

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors’ Statement fairly presents that the Company's ICOFR was properly designed and implemented and are operating effectively as at 31 December 2019.

RESTRICTION OF USE OF OUR REPORT

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

19 February 2020    Gopal Balasubramaniam
Doha      KPMG
State of Qatar    Auditor’s Registration No. 251
Auditor’s License No. 120153
Licensed by QFMA: External
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 31 December 2019**

In thousands of Qatari Riyals

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>6,421,124</td>
<td>6,720,311</td>
</tr>
<tr>
<td>Goodwill</td>
<td>303,559</td>
<td>303,559</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>68,659</td>
<td>-</td>
</tr>
<tr>
<td>Contract assets</td>
<td>7,381</td>
<td>9,290</td>
</tr>
<tr>
<td>Equity-accounted investees</td>
<td>5,235</td>
<td>880</td>
</tr>
<tr>
<td>Financial investments</td>
<td>288,316</td>
<td>226,390</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>7,094,274</td>
<td>7,260,430</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>215,491</td>
<td>216,289</td>
</tr>
<tr>
<td>Contract assets</td>
<td>9,529</td>
<td>18,632</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>501,237</td>
<td>477,269</td>
</tr>
<tr>
<td>Financial investments</td>
<td>342,220</td>
<td>289,414</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>766,322</td>
<td>599,842</td>
</tr>
<tr>
<td>Reinsurance contract assets</td>
<td>929,964</td>
<td>592,566</td>
</tr>
<tr>
<td>Short term investments</td>
<td>229,382</td>
<td>244,521</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>678,447</td>
<td>643,941</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,672,592</td>
<td>3,082,474</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>10,766,866</strong></td>
<td><strong>10,342,904</strong></td>
</tr>
</tbody>
</table>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

**As at 31 December 2019**

In thousands of Qatari Riyals

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>1,858,409</td>
<td>1,858,409</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>366,295</td>
<td>364,698</td>
</tr>
<tr>
<td>General reserve</td>
<td>74,516</td>
<td>74,516</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(11,576)</td>
<td>(11,521)</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>(1,095)</td>
<td>(7,536)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,294,376</td>
<td>1,253,475</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>3,580,923</strong></td>
<td><strong>3,532,061</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liability</td>
<td>45,456</td>
<td>-</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>3,962,016</td>
<td>4,061,866</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>5,741</td>
<td>15,664</td>
</tr>
<tr>
<td>Provision for decommissioning costs</td>
<td>41,598</td>
<td>41,598</td>
</tr>
<tr>
<td>Provision for employees’ end of service benefits</td>
<td>80,217</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>4,046,092</strong></td>
<td><strong>4,199,347</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>8</td>
<td>1,408</td>
</tr>
<tr>
<td>Lease liability</td>
<td>27,478</td>
<td>-</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>78,488</td>
<td>86,464</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>829,212</td>
<td>934,697</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>841,857</td>
<td>579,358</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>33,299</td>
<td>28,283</td>
</tr>
<tr>
<td>Reinsurance contract liabilities</td>
<td>1,317,242</td>
<td>944,262</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>16,267</td>
<td>37,024</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>3,139,851</strong></td>
<td><strong>2,611,496</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>7,185,943</strong></td>
<td><strong>6,810,843</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>10,766,866</strong></td>
<td><strong>10,342,904</strong></td>
</tr>
</tbody>
</table>

These consolidated financial statements were approved by the Company’s Board of Directors and signed on its behalf by the following on 19 February 2020:

*Khalid Bin Khalifa Al-Thani*
Chairman

*Suleiman Haidar Al-Haider*
Vice-Chairman
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019
In thousands of Qatari Riyals

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,010,812</td>
<td>2,519,180</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(2,604,708)</td>
<td>(2,115,216)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>406,104</td>
<td>403,964</td>
</tr>
<tr>
<td>Other income</td>
<td>58,756</td>
<td>50,874</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(197,525)</td>
<td>(213,584)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(20,356)</td>
<td>(143,140)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>246,979</td>
<td>98,114</td>
</tr>
<tr>
<td>Finance income</td>
<td>32,826</td>
<td>29,152</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(236,922)</td>
<td>(225,347)</td>
</tr>
<tr>
<td><strong>Net finance cost</strong></td>
<td>(204,096)</td>
<td>(196,195)</td>
</tr>
<tr>
<td>Group's share of profit/ (loss) in equity-accounted investees, net of tax</td>
<td>705</td>
<td>(168)</td>
</tr>
<tr>
<td><strong>Profit/ (loss) for the year</strong></td>
<td>43,588</td>
<td>(98,269)</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

- Items that will not be reclassified to profit or loss
  - Equity investments at Fair Value Through Other Comprehensive Income
    - 6,441 (5,985)

- Items that are or may be reclassified subsequently to profit or loss
  - Foreign operations – foreign currency translation difference
    - (77) (11,537)

**Total other comprehensive income for the year**

- 6,364 (17,522)

**Total comprehensive income for the year**

- 49,952 (115,791)

**Earnings per share**

- Basic and diluted earnings per share (expressed in QR per share)
  - 0.023 (0.053)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019
In thousands of Qatari Riyals

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Legal reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency translation reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fair value reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 1 January 2018</strong></td>
<td>1,858,409</td>
<td>1,858,409</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other comprehensive (loss)/ income</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Social fund contribution</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer to legal reserve</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer to retained earnings</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2018</strong></td>
<td>1,858,409</td>
<td>1,858,409</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF CASH FLOWS

**For the year ended 31 December 2019**

**In thousands of Qatari Riyals**

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/ (loss) for the year</td>
<td>43,588</td>
<td>(98,269)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>434,350</td>
<td>489,062</td>
</tr>
<tr>
<td>Amortisation of right-of-use assets</td>
<td>26,423</td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangibles</td>
<td></td>
<td>- 1,112</td>
</tr>
<tr>
<td>Impairment of property and equipment</td>
<td></td>
<td>- 113,214</td>
</tr>
<tr>
<td>Provision for employees' end of service benefits</td>
<td>22,403</td>
<td>19,427</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>5,870</td>
<td></td>
</tr>
<tr>
<td>Write-off of property and equipment</td>
<td>8,545</td>
<td>- 36,768</td>
</tr>
<tr>
<td>Net movement of financial assets at fair value through profit or loss</td>
<td>(29,995)</td>
<td>(12,387)</td>
</tr>
<tr>
<td>Net gain from disposal of Financial investments</td>
<td>(7,892)</td>
<td>(9,006)</td>
</tr>
<tr>
<td>Amortisation of finance cost related to borrowings</td>
<td>6,530</td>
<td>7,205</td>
</tr>
<tr>
<td>Reversal of provision for decommissioning costs, net of provision</td>
<td></td>
<td>(27,253)</td>
</tr>
<tr>
<td>Provision for slow moving inventories, net of reversals</td>
<td>3,245</td>
<td>780</td>
</tr>
<tr>
<td>Impairment loss/ (reversal of impairment) on financial assets</td>
<td>1,179</td>
<td>(16,305)</td>
</tr>
<tr>
<td>Profit distribution from managed investment funds</td>
<td>(3,891)</td>
<td>(4,116)</td>
</tr>
<tr>
<td>Share of (profit)/ loss of joint venture</td>
<td>(705)</td>
<td>188</td>
</tr>
<tr>
<td>Impairment of investment in joint venture</td>
<td></td>
<td>- 221</td>
</tr>
<tr>
<td>Finance income</td>
<td>(32,826)</td>
<td>(29,132)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>236,922</td>
<td>225,347</td>
</tr>
<tr>
<td>Dividend income</td>
<td>(4,332)</td>
<td>(4,370)</td>
</tr>
<tr>
<td><strong>Total cash generated from operating activities</strong></td>
<td><strong>822,656</strong></td>
<td><strong>449,944</strong></td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>21,018</td>
<td>(14,953)</td>
</tr>
<tr>
<td>Contract assets</td>
<td>11,012</td>
<td>(130)</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>(30,680)</td>
<td>(1,011)</td>
</tr>
<tr>
<td>Trade and insurance receivables, prepayments and due from related parties</td>
<td>(629,560)</td>
<td>43,767</td>
</tr>
<tr>
<td>Trade and insurance payables, accruals and due to related parties</td>
<td>640,452</td>
<td>(270,195)</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities</strong></td>
<td><strong>822,656</strong></td>
<td><strong>449,944</strong></td>
</tr>
<tr>
<td>Employees' end of service benefits paid</td>
<td>(11,339)</td>
<td>(15,967)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td><strong>811,317</strong></td>
<td><strong>433,977</strong></td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

**For the year ended 31 December 2019**

**In thousands of Qatari Riyals**

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of property and equipment</td>
<td>(177,597)</td>
<td>(237,492)</td>
</tr>
<tr>
<td>Acquisition of financial investments</td>
<td>(236,771)</td>
<td>(187,582)</td>
</tr>
<tr>
<td>Net movement in term deposits with maturities in excess of three months</td>
<td>15,139</td>
<td>16,914</td>
</tr>
<tr>
<td>Interest received</td>
<td>32,826</td>
<td>24,137</td>
</tr>
<tr>
<td>Proceeds from disposal and maturity of financial assets</td>
<td>166,293</td>
<td>278,979</td>
</tr>
<tr>
<td>Proceeds from written off of property and equipment</td>
<td>2,918</td>
<td>487</td>
</tr>
<tr>
<td>Net movement in restricted bank balances</td>
<td>(147,373)</td>
<td>20,517</td>
</tr>
<tr>
<td>Net movement in cash at banks – restricted for dividend</td>
<td>7,976</td>
<td>8,882</td>
</tr>
<tr>
<td>Profit distribution from managed investment funds</td>
<td>3,891</td>
<td>4,116</td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td>(26,829)</td>
<td></td>
</tr>
<tr>
<td>Dividend received</td>
<td>4,332</td>
<td>4,370</td>
</tr>
<tr>
<td>Investment in joint venture</td>
<td>(3,650)</td>
<td>(1,289)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(358,845)</strong></td>
<td><strong>(67,961)</strong></td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

**For the year ended 31 December 2019**

**In thousands of Qatari Riyals**

| Proceeds from loans and borrowings | 618,800 | 795,038 |
| Repayment of loans and borrowings | (694,667) | (951,143) |
| Dividends paid | (7,976) | (8,882) |
| Finance cost paid | (232,249) | (217,438) |
| **Net cash used in financing activities** | **(556,092)** | **(382,425)** |

| Notes to the consolidated financial statements are an integral part of the consolidated financial statements. For more information, please visit GIS’s website: www.gis.com.qa or email: gis@qp.com.qa |      |

| Change in foreign currency reserve | 216 | (773) |
| Cash and cash equivalents at 1 January | 542,005 | 559,187 |
| Cash and cash equivalents at 31 December | 438,601 | 542,005 |

| Net decrease in cash and cash equivalents | (103,620) | (16,409) |

Notes:
1. INTRODUCTION

Gulf International Services (hereinafter referred to as “GIS” or “the Company”), a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on February 12, 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Qatar Petroleum, the founder, special shareholder and 10% shareholder, provides GIS with all the required financial and head office services under a service-level agreement. GIS therefore applies some of QP’s rules and procedures. As part of its Board of Directors’ efforts aimed at complying with the principles of corporate governance and applying industry-standard best practices, GIS had made an agreement with a consultant to develop a Corporate Governance Framework, which was approved by the Board of Directors at its first meeting of 2013 held on 25/02/2013.

2. SCOPE OF IMPLEMENTATION OF THE GOVERNANCE AND COMPLIANCE WITH ITS PRINCIPLES

Out of a firm belief in the importance and need for establishing the principles of good governance to enhance the value added to shareholders, GIS Board of Directors is firmly committed to implementing the principles of governance set out in the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to QFMA Board decision no. 5 of 2016, and in line with the provisions of the Company’s AoA. GIS Board of Directors attaches greater importance to achieving justice and equality among shareholders, enhancing transparency and disclosure and providing timely information to shareholders in a way that enables them to make their decisions and properly conduct their business. The Board is also committed to upholding the values of corporate social responsibility, putting the interest of the Company and its stakeholders ahead of any other interest, performing roles and responsibilities in good faith, integrity, honor and sincerity and taking the arising responsibility to the stakeholders and community.

The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation whenever required. The Board is also committed to updating the Company’s Code of Ethics that reflects the values held by the Company.

Taking into account the provisions of Article no. 2 of QFMA Governance Code, the Company strictly observes the provisions of QFMA Governance Code and brought its official documents into conformity with such Code to ensure full and proper application of the provisions thereof.

3. BOARD OF DIRECTORS

3-1 Board Structure

GIS was established by Qatar Petroleum, a Qatari state-owned public corporation established by Decree Law no. 10 of 1974, as a parent company of a group of companies with interests in a broad cross-section of industries, ranging from insurance and re-insurance, onshore and offshore drilling, accommodation barge, helicopter transportation and catering services. GIS went public by Qatar Petroleum in 2008 to serve as a mechanism for the distribution of wealth to Qatari nationals. This was primarily achieved via the discounted IPO price. All shareholders receive generous dividends in proportion to their existing shareholdings.

Recognizing the specific nature of GIS’ activities and its strategic position, especially in drilling and aviation segments, and taking into account the public interest, the Board shall, in accordance with the Company’s Articles of Association, consist of seven (7) Directors, three (3) of whom shall be appointed by the Special Shareholder (Qatar Petroleum). Four (4) Directors shall be elected by secret ballot of the General Assembly.
The Special Shareholder shall not participate in the voting process. As the Special Shareholder, Qatar Petroleum has the right to appoint three (3) Directors for the following reasons that show how closely the Company’s financial and operational performance is connected to Qatar Petroleum, which make it vital to maintain aligned strategy and vision:

- Qatar Petroleum is the founder, special shareholder and 10% shareholder.
- The strategic activities of the Company, particularly in the aviation and drilling segments.
- Qatar Petroleum provides technical and technological support to group companies.
- Qatar Petroleum provides all financial and head office services to the Company under a service-level agreement. These services are provided as and when requested to ensure that the operations of the Company are fully supported.

Except for those matters that are decided by shareholders as provided in the Company’s Articles of Association, the Board of Directors has the widest powers to give full effect to the objects of the Company. The Board may delegate any such power to any one or more of the Directors.

3-2 Board Composition

Directors are appointed for renewable terms of three (3) years or such shorter periods (being no less than one (1) year). Pursuant to the resolution of the Company’s General Assembly held on 05/03/2018 on the elected Directors and Qatar Petroleum’s decision no. 5 of 2018 dated 07/03/2018 on appointing its representatives, GIS Board of Directors was reconstituted in accordance with Article no. 22 of the Company’s Articles of Association (contrary to the provisions of Article no. 6 of QFMA Governance Code). Accordingly, three (3) Directors were appointed by Qatar Petroleum and four (4) Directors were elected with effect from 06/03/2018.

In accordance with the Company’s amended Articles of Association:

1. Four (4) Directors shall be elected as per their eligibility in satisfaction of Article (23) (“Eligibility of Directors”), which provides that the elected director of the Board shall own a number of shares that are not less than one million (1000000) shares of the company’s capital to guarantee the rights of company, shareholders, creditors and third parties from any responsibility that falls on the Board of Directors, and these shares should be deposited within one week from the commencement of membership date and shall not be negotiated or mortgaged or blocked until the period of membership is expired, and the balance sheet of the last fiscal year in which the director conducted his work shall be approved.

2. Directors shall be elected by secret. The Special Shareholder shall not participate in the voting process. voting should take place in accordance with the applicable rules and regulations.

3. Each shareholder, without exception, that satisfies the eligibility criteria set forth in Article 23 (“Eligibility of Directors”) may nominate only one representative regardless of the percentage of his shares. For the purposes of this Article, a legal person, its subsidiaries and companies and/or individuals under its control, shall be deemed one person.

Subsequently, the Company convened an Extraordinary General Assembly meeting on 2/5/2018 to amend its Articles of Association by adding a definition of the Independent Director and identification mechanism so that Independent Directors could be appointed for the next term of the Board. Pursuant to this amendment, the definition of an independent board director will depend on the rules and regulations applicable in the Qatari financial market.

Accordingly, Independent Directors in the current composition have been identified among elected Directors based on the definition set out in QFMA relevant regulations in this regard.

In accordance with the composition of the Board and its roles and responsibilities under Board Charter, Manual of Authority and Company’s Articles of Association, no one or more of Directors may have control over passing resolutions. Resolutions of the Board shall be passed by a simple majority of those Directors present and entitled to vote at the relevant meeting of the Board, each Director present having one vote.

Qatar Petroleum appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. Qatar Petroleum ensures that all of its representatives in the subsidiaries had the appropriate training and awareness programs so that subsidiaries’ boards of directors can achieve the highest levels of performance and adopt the best governance practices.

Qatar Petroleum makes timely disclosure of its decisions on Board formation or any change thereto (Directors’ bios are attached).

3-3 Key roles and responsibilities of the Board

As one of the most important pillars upon which the implementation of the governance at Company level rests, the Board of Directors is accountable to shareholders for exercising due diligence in managing the Company in an effective manner, as well as establishing the principles of good governance at all levels to serve the interests of the Company,
its shareholders and stakeholders for the greater good. Accordingly, the Board developed a Board Charter under the Corporate Governance Framework in accordance with the industry-standard best corporate governance practices. The roles and responsibilities of the Board and the duties which must be fully performed by Directors are specifically identified in the Charter, which is reviewed and amended following any relevant new changes made by regulators. In addition, the Governance Framework developed by the Board contains the job descriptions of all Board Directors according to their classification and roles they may have in any of the Board Committees. The framework also contains the job description of the Board Secretary.

According to the Board Charter, which is available on the Company’s website, the Board provides the strategic direction to GIS by reviewing the Company’s vision and mission, approving and supervising the implementation of the Company’s strategic directions, main objectives and business plans. The Board develops and supervises proper internal control systems and risk management, ensuring that effective Executive Management is in place and in succession, and that it achieves the Company’s goals and objectives to increase value in a profitable and sustainable manner.

The Board of Directors oversees the overall corporate governance of GIS, monitors its effectiveness and amends it as needed. It also reviews the Company’s policies and procedures to ensure compliance with the relevant laws, regulations and the Company’s Articles of Association.

The Board may delegate some of its functions or authorities to Board Committees or Special Committees. Special Committees are constituted to undertake specific tasks under written and clear instructions. In accordance with the Company’s Manual of Authority, the Board shall determine the authorities it may delegate to the Executive Management and the procedures for decision-making. The Board may also determine the matters that it retains the right to decide on. In any event, the Board remains liable for all of its functions or authorities so delegated.

In accordance with the Company’s AoA, all Directors shall be jointly and individually liable for any fraudulent act, abuse of power, negligent errors in management or violations of the Articles or Law.

The Chairman is primarily responsible for the proper management of the Company in an effective and productive manner, making available for Board Directors all data and information in a timely manner. The Corporate Governance Framework includes the Chairman’s job description (roles and responsibilities). As described in detail under the Governance Framework, these roles and responsibilities, whether strategic, operational or administrative, are well aligned with the Chairman’s main objective of protecting shareholders’ rights and achieving the Company’s vision and strategic objectives profitably and sustainably.

In accordance with the Company’s Articles of Association, the Chairman shall represent the Company towards Third Parties. The Vice Chairman shall substitute for the Chairman in his absence.

The Chairman is not a member of any Board Committee referred to in QFMA Governance Code. The Chairman does not hold any executive position at the Company. In this regard, the Company’s management ensures that:

- No one person in the Company should have unfettered powers of decision at the time of developing the Company’s Manual of Authority and the relevant regulations.
- The Chairman in his capacity as the Chairman or as the Managing Director is not a member in any of the Board Committees or Special Committees.
- The roles and responsibilities of the Chairman are separated from those of the rest of Board Directors and members of the Company’s Executive Management.

3-5 Board Directors

Board members are committed to exercising due diligence and making full use of their diverse skills and experience in managing the Company and complying with the relevant regulations and laws, including Board Charter and the Code of Ethics, and to work in accordance with the ethical principles of integrity, respect, objectivity, accountability, excellence, sustainability and confidentiality to ensure upholding the interests of the Company, its shareholders and other stakeholders to be priority before any other interest. In accordance with Company’s Articles of Association and Conflict of Interest Policy, Directors shall declare any financial and commercial transactions and judicial proceedings that may adversely affect the performance of their assigned duties.

3-6 Board meetings

The Board of Directors convenes to conduct the Company’s business, and shall adjourn and otherwise regulate its meetings as the Chairman shall think fit. The Board shall meet at least six (6) times during the Company’s fiscal year, and a three-month period may not lapse without a meeting of Board. The number of Directors required to constitute a quorum shall be five (5) Directors (present or duly represented) as a minimum, and the Chairman shall be. In accordance with Article 30-1 of the amended Articles, the Board has met for the required number of times in 2019.
In accordance with Board Charter and the Company’s Articles of Association, all Board meetings are convened by a notice from the Chairman or, in his absence, the Vice Chairman (if any), or any two Directors or such other Director as is duly authorized by the Chairman. Meeting agenda and invitations shall be given to every Director not less than seven (7) days prior to the date set for the meeting. A meeting of the Board shall, with a notice of less than seven (7) days, be deemed to have been appropriately convened in the absence of any objection by Directors and as agreed by those Directors to attend.

In accordance with the Company’s Articles of Association, an absent Director may appoint a Director to represent him in attendance and voting, provided that no Director may represent more than one Director. The office of a Director shall be vacated by such Director if he absents himself from three (3) consecutive or four (4) non-consecutive Board meetings without an excuse being accepted by the Board.

To ensure full participation of all Directors in Board meetings, Director has the right to use any secure technological means of communications to enable him to hear and actively participate in discussing Board agenda items and passing resolutions. A participating Director in such a manner shall be considered as personally present at the meeting and counted in the quorum, and shall be entitled to vote.

3-7 Board resolutions
In accordance with the Company’s Articles of Association and bylaws, resolutions of the Board shall be passed by a majority of those Directors present and the Chairman of the Board at a duly constituted Board meeting. The Board shall keep minutes of all resolutions and proceedings of Board meetings and those absent from and attending such meetings. The Chairman, Secretary and all attendants shall sign on the minutes. Any objecting Director shall enter his objection in the minutes of meeting.

3-8 Board Secretary
In accordance with the Company’s Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Secretary of the Board for such period and on such terms as it may decide and may revoke such appointment. The Board shall decide on the duties of the Company’s Secretary and on the scope of his/her authority and his/her annual remuneration.

The detailed roles and responsibilities of the Board Secretary are set forth in detail in the Corporate Governance Framework Board of Directors Job Descriptions. These roles and responsibilities fit the main role objective of providing comprehensive and confidential administration and support services to the Board of Directors. The Secretary keeps safe Board documents and coordinates among Board Directors in a timely and appropriate manner.

The Secretary ensures that Board documents are safely maintained and Board meeting agendas, invitations, other required documents, meeting minutes and resolutions are distributed and safely maintained. The Secretary is also responsible for providing orientation material and scheduling orientation sessions for the new Board Directors.

The current Board Secretary has a legal experience that spans more than 16 years. In addition, the Secretary has long experience in handling the affairs of listed companies.

The Secretary may, as he/she deems appropriate and upon approval of the Chairman, delegate to a representative any of his/her duties, powers or discretionary authorities. However, the representative shall not have the right to delegate such duties, powers and authorities to another person.

3-9 Board Committees
In implementing governance, the Board of Directors established Board Committees and some Special Committees and delegated to these committees some powers and authorities to carry out specific tasks and conduct Company’s business. The Board of Directors remains liable for all the powers and authorities so delegated. Board Chairman is not a member of any Board Committee or Special Committee. The Board also reviews and assesses the performance of the committees on an annual basis. Board Committees are as follows:

3-9-1 Audit Committee
The Board Audit Committee (BAC) was formed pursuant to Board resolution no. 5 of the fourth meeting of GIS Board of Directors of 2010. The current BAC was formed by virtue of resolution no. 5 of the second Board meeting of 2018. The BAC presently comprises of 3 members, all of whom have the required experience
necessary to effectively perform their duties and exercise the functions of the Committee. Committee Chairman is not a Chairman or a member of any other Committee.

As previously mentioned, the Company has convened an Extraordinary General Assembly meeting on 02/05/2018 to amend its AoA by adding the definition of the independent member and identification mechanism, so that independent members could be appointed with effect from the coming Board term. Independent members in the current composition have been identified among elected members based on the definition set out in QFMA relevant regulations in this regard.

By applying the definition referred to in QFMA Governance Code and based on candidate applications and related declarations submitted by all elected members, Committee Chairman and one of the elected members are considered as independent members. In addition, no one of the current members has directly or indirectly conducted external audit for the Company during the two years prior to their membership in the Committee.

BAC Terms of Reference, which form part of the Corporate Governance Framework, were prepared in line with QFMA Governance Code and industry–standard best governance practices. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance and risk management.

Committee meeting agendas for 2019 included:

1. Approve the external auditor’s report on the consolidated and standalone financial statements for the financial year ended December 31, 2018.
2. Review and endorse the consolidated and standalone financial statements for the financial year ended December 31, 2018 and present the executive summary report.
3. Endorse the appointment of the external auditor for the financial year ending December 31, 2019.
5. Endorse the appointment of the external auditor for the financial year ending December 31, 2019 and present the executive summary report.
6. Review and endorse the consolidated financial statements for the financial period ended March 31, 2019 and present the executive summary report.
7. Review and endorse the consolidated financial statements for the financial period ended September 30, 2019 and present the executive summary report.
8. Review and endorse the consolidated financial statements for the financial period ended June 30, 2019.
9. Approve the scope of the additional work of the external auditor and their fees based on the tasks assigned by Qatar Financial Markets Authority to the external auditor.
10. Review some accounting policies and procedures for some of the group companies.
11. Review internal audit activities, status of the audit plan and related corrective actions.
12. Review application of COSO requirements /ICoFR test of design.

In accordance with Committee’s Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Committee Chairman and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. In accordance with the Committee’s amended Terms of Reference, Committee holds at least (6) meetings a year. During 2019, Committee met 4 times (contrary to the provisions of Article no. 19 of QFMA Code).

The BAC presently comprises of three Board Directors. The members of the BAC are:

<table>
<thead>
<tr>
<th>Name of BAC member</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheikh Jassim bin Abdullah Al-Thani</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. Mohammed Abdullah Al-Mannai</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Saad Rashid Al-Muhannadi</td>
<td>Member</td>
</tr>
</tbody>
</table>

3-9-2 Nomination and Remuneration Committee

As part of its efforts to comply with the provisions of QFMA Governance Code, the Company established a Nomination and Remuneration Committee pursuant to Board resolution no. 3 of 2017. Committee was reconstituted pursuant to resolution no. 9 passed at the second meeting of 2019. The Committee presently comprises of three Board Directors, chaired by a Board Director.

The other two members also have the required experience to efficiently perform their duties and exercise the function of the Committee. Committee Chairman is not a Chairman of another Board Committee, and the BAC Chairman cannot be a member of the Nomination and Remuneration Committee.
Committee’s Terms of Reference were prepared in line with QFMA Governance Code and the industry-standard best corporate governance practices. The Committee conducted its work on Board nomination to fill four seats for a term of three (3) years (2018-2021) in accordance with the Company’s AoA eligibility of Directors that requires the elected director to own a number of shares that are not less than one hundred thousand (100,000) shares (before the split of the nominal value of the share) of the company’s capital and be deposited as a guarantee. Committee also assists the Board in selecting the qualified persons to serve on the Board by establishing objective criteria to be used by the General Assembly in electing the fittest among the candidates for Board Directorship (elected Directors).

The responsibilities of the Committee include setting the foundations for granting remunerations for Board Chairman and Board Directors, and for any remunerations, allowances or incentives to be paid to the senior Executive Management, taking into consideration the requirements of relevant regulators.

In determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and members of the senior Executive Management, the Company’s performance and benchmarks with the best practices of the similar companies listed on the Qatar Stock Exchange. Committee reports to the Board of Directors on its activities, issues and raises recommendations.

The responsibilities of the Committee include setting the foundations for granting remunerations for Board Chairman and Board Directors, and for any remunerations, allowances or incentives to be paid to the senior Executive Management, taking into consideration the requirements of relevant regulators.

In determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and members of the senior Executive Management, the Company’s performance and benchmarks with the best practices of the similar companies listed on the Qatar Stock Exchange. Committee reports to the Board of Directors on its activities, issues and raises recommendations.

Committee meeting agendas for 2019 covered the following:
1. Recommend the remuneration of the Board of Directors for the financial year ended 31/12/2018.
2. Consider the independence of the elected Directors in GIS Board in accordance with the definition contained in QFMA regulations in this regard.
3. Review the remuneration policy for Board Directors.
4. Consider salary restructure of some of the group companies, including review of staff structure, salary structure, and the extent to which job grades and salary grades are consistent with market practices.

In accordance with Committee’s Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Chairman of the Committee and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. In accordance with the Committee’s Terms of Reference, Committee shall meet as and when necessary. Committee shall meet before the Board meeting to review the final financial statements and consider the proposed remuneration of Directors that should be presented and approved by the Annual General Assembly Meeting.

Remuneration of Board of Directors
The Company has developed a periodically revisited remuneration and allowances policy for Board Directors. The current policy has fixed component (allowance) for Board Directorship and attending meetings and performance-related variable component (remuneration) with a threshold. The main principles of this policy are set forth in the Corporate Governance Framework. In accordance with the Company’s Articles of Association, the proposed remuneration of Board Directors shall be presented to the General Assembly for approval.

The Company follows a mechanism for setting the remuneration of the Board Directors as provided in Article no. 18 of the Governance Code for Companies & Legal Entities listed on the Main Market pursuant to Decision No. (5) of 2016, that such remuneration does not exceed (5%) of the net profit after deducting reserves, legal deductions and distributing a profit of not less than (5%) of the company’s paid up capital among its shareholders.

Remuneration of senior management
All financial, administrative and head office services are provided by resources from Qatar Petroleum under a service-level agreement. Accordingly, the Company’s staffing structure does not include any senior executive positions, and therefore no remuneration amounts were approved for the senior executive management for 2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.

Committee presently comprises of three members. Committee met on 6/2/2019 to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 10/03/2019.
3-10 Assessment of Board Performance

The Board of Directors conducts an annual self-assessment to ensure that Directors are efficient, honor their commitments, make the most efforts possible and exchange experiences. The assessment takes into account several factors that are consistent with the long-term interests of the shareholders and meet their expectations as follows:

1. Independence and impartiality in presenting views and ideas while avoiding conflicts of interest.
2. Directors' knowledge and experience that are relevant to the Company’s activity.
3. Commitment, participation and team working at the Board and its committees.
4. The role of the Board and the extent to which it achieves the objectives set, including the outcome of the business and the achievement of the Company’s strategy.
5. Communication between the Board on the one side and its committees and the Executive Management of the Company on the other side.
6. Decision-making mechanisms and the accuracy and adequacy of the required information.
7. Providing constructive opinions, suggestions and recommendations and ideas in the best interest of the Company.

In its meeting for 2019, the Remuneration Committee will review Board self-assessment and report any observation in this concern to the Board.

During 2019, the Board has performed the tasks and dispensed business decisions within its authorities as provided in Board Charter. Directors had no grievances or complaints. All proposals were discussed during Board meetings and necessary relevant actions were taken, whether corrective or reinforcing. The Board is satisfied that it has effectively discharged all of their duties and obligations.

4. COMPANY’S CONTROL SYSTEM

The primary purpose of internal controls is to assist in achieving management’s objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

To achieve this, the Company adopted an internal control system that consists of establishing internal controls over financial reporting, policies and operating procedures for risk management, internal and external audit, monitoring Company’s compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.

The internal control system is overseen by the Audit Committee and the Board of Directors to discuss observations on the internal controls. The Internal Auditor periodically makes and submits reports in this regard.

To ensure that best standards are applied in developing internal control systems, Board Audit Committee has decided that the Internal Auditor should conduct a benchmarking study of the components of the Company’s current internal control system against the internationally recognized COSO Internal Control – Integrated Framework (2013) with a view to apply it as a benchmark framework. COSO Internal Control – Integrated Framework (2013) consists of inter-related components, which are control environment, risk assessment, control activities, information and communication, and monitoring.

Internal control is an integral part of GIS’ corporate governance which involves the Board, Board Audit Committee, Executive Management and employees on all organizational levels. It is a process which includes methods and processes to:

1. Safeguard GIS’ assets.
2. Ensure the reliability and correctness of financial reporting.
3. Secure compliance with applicable legislation and guidelines.
4. Ensure that objectives are met and continuous improvement of operational efficiency.

The objective for GIS’ financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

Further, the benchmark framework will enable the management to establish and maintain an internal control system and for auditors to perform their duties in accordance with Article (24), in particular with regard to the assessment of the appropriateness and effectiveness of the applicable control systems.
Further, to comply with the provisions of Article no. 4 of QFMA Governance Code, Gulf International Services should:

1. Establish and maintain adequate and effective internal controls over financial reporting to mitigate the risk of significant misstatements.

2. Evaluate and assess the adequacy and effectiveness of the internal controls over financial reporting to mitigate the risk of significant misstatements.

To achieve this, the Company has requested the Internal Auditor to evaluate and assess the Company’s internal controls over financial reporting as a management support. A top down approach was used in designing and testing of the Company’s framework wherein it begins at the financial statement level and with the understanding of the overall risks to internal controls over financial reporting.

The Internal Auditor team completed a risk assessment of business processes based on the GIS 2018 standalone financial statements. Risk assessment involved application of ‘Materiality’ on GIS’ 2018 standalone financial statements (considering the qualitative and quantitative factors), based on external auditor input and the best practices to determine the significant accounts, disclosures, their relevant assertions and applicable business processes within the Company for controls identification, evaluation and testing.

Risk assessment:

1. Identifying and assessing the risks of material misstatement in the financial statements.
2. Determining materiality (considering the qualitative and quantitative factors), external audit input, and other factors relating to the determination of material weaknesses.
3. Identifying classes of transactions, significant account balances, disclosures, their relevant assertions and applicable business processes based on determined materiality. The financial statement assertions include existence or occurrence, completeness, valuation or allocation, rights and obligations, presentation and disclosures.

Perform walkthrough:

Following the risk assessment, the relevant internal controls which mitigate the risk of material misstatements for applicable business processes are identified through walkthroughs by reviewing the established policies and procedures, enquiries with management and process owners and understanding the flow of transactions. These internal controls are grouped as follows:

1. Entity Level Controls (ELCs) – present across the Company and include measures taken by management to equip staff to adequately manage risks through raising awareness, providing appropriate knowledge and tools as well as developing skills.
2. Information Technology General Controls (ITGCs) - The ITGC (applicable IT applications and infrastructure relevant to identified business process) on Company’s general IT infrastructure and systems.
3. Business Process Controls - both manual and automated, are embedded in business processes applicable to financial transactions. These controls may change over time due to changes in the Company’s business processes.

A walkthrough involves following a transaction from origination through the Company’s processes, including information systems, until it is reflected in the Company’s financial records, using the same documents and information technology that Company personnel use. Walkthrough procedures usually include a combination of inquiry, observation, inspection of relevant documentation.

Test of internal controls:

Following the risk assessment and controls identification, the Internal Auditor conducted control testing on each of the identified controls to assess if they are designed adequately and operating effectively. Control testing encompasses three components: test of design effectiveness, test of operating effectiveness, and ongoing monitoring.

Test of Design Effectiveness:

Testing the design effectiveness of controls involves determining whether the Company’s controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively, satisfy the Company’s control objectives and can effectively prevent or detect errors or fraud that
could result in material misstatements in the financial statements. This will conclude if the Company has an adequate system of internal controls over financial reporting.

Testing the design includes a mix of inquiry of appropriate personnel, observation of the Company’s operations, and inspection of relevant documentation.

Test of Operating effectiveness

Testing the operating effectiveness of controls involves obtaining evidence about whether the control is operating as designed throughout the relevant financial reporting period. For each control selected for testing operating effectiveness, the evidence necessary to conclude that the control is effective depends upon the risk associated with the control which is assessed based on factors such as, nature and materiality of misstatement the control is intended to prevent, history of errors, frequency with which control operates, effectiveness of entity level controls, competency of personnel performing the control, nature of control i.e., automated or manual.

Evaluating identified deficiencies

A ‘deficiency’ in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Evaluation of the severity of each control deficiency should be made to determine whether the deficiencies, individually or in combination, are significant deficiencies or material weaknesses as of the balance sheet date.

The Company’s management recognizes that a significant deficiency or weakness in internal controls over financial reporting increases the possibility that misstatements in the Company’s annual or interim financial statements will not be prevented or detected on a timely basis, which is important enough to merit attention of those charged with management and governance.

A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operating effectiveness exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Remediation Testing

The Company ensures that any issues or deficiencies either relating to design or operative effectiveness of specific controls are remediated. Once a new control is in place or remediated, it should be given enough time for its operations to validate the control’s operating effectiveness. The amount of time that a control should be in place and operating effectively depends on the nature of the control and how frequently it operates.

Based on its assessment of the Company’s current internal controls over financial reporting and Testing of Design and Operating Effectiveness, the Internal Auditor believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Further, Internal Auditor and GIS Senior Management believes that the developed framework is suitable to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard.

The following are the main elements of the Company’s internal control framework:

4-1 Risk management

As a service provider under a service-level agreement, Qatar Petroleum’s rules and regulations on risk management are applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework. Risk management is an integral part of the governance of the Company as expected by shareholders.

This framework takes into consideration pursuing an integrated process for continuous risk management, starting from risk identification, assessment, measurement, management to monitoring as follows:

- Risk identification and assessment involve identifying and assessing all risks facing the Company. Risks are classified into four main categories: strategic, operational, financial and compliance related. For each risk, there must be measures to address it effectively, as well as a set of indicators to monitor changes in the overall risk structure and landscape. Risk are simulated in several scenarios in order to develop proper remedies and assess their cumulative impact on the performance of the Company.
Risks are then measured based on the impact and possibility of their occurrence. Risks are managed with the possibility that their level is increased, decreased or maintained in a manner consistent with the determined level of risk accepted by the Company. During treatment, the Company takes into consideration that risks have a life cycle, i.e. before, during and after the occurrence. The Company ensures protection and that regulations, operational procedures and controls are developed in accordance with the best practices to minimize and mitigate related risks. Risks are then monitored to ensure that any related problems are quickly identified and properly addressed.

4-2 Audit
4-2-1 Internal Audit

Gulf International Services periodically floats a tender for the engagement of an independent consultant to provide internal audit services in accordance with the tendering procedures. Offers are received by a formed Tender Committee. Upon considering the technical and commercial offers, the Tender Committee makes its recommendations to the relevant officials on selecting the appropriate consultant. A consultant was appointed on 01/01/2018 for three years to provide the Company and its subsidiaries, as instructed by the Board Audit Committee and in accordance with the audit plan, with internal audit services as a “service provider”.

The appointed Internal Auditor considers risk assessment at both the Company and subsidiaries levels, then they draw up an appropriate audit plan and follow up on the implementation of the outstanding observations and related corrective management plans.

The Internal Auditor has access to the Company’s activities and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management. The Internal Auditor also verifies the extent to which the Company is committed to applying internal control systems and complying with the relevant laws and regulations, including Company’s compliance with the rules and provisions that govern listing and disclosure to the stock market. Internal audit reports are prepared by the Internal Auditor in accordance with the international auditing standards. All reports and recommendations are quarterly presented by the Internal Auditor to the BAC and subsequently submitted to the Company’s Board of Directors as part of the BAC periodic report on audit results, follow up and current status of the Executive Management’ plans of the corrective actions to address any weaknesses in the internal controls, risk assessment results and the applied systems. The Executive Management shall receive a copy of the report to take the necessary corrective actions as instructed by the Board Audit Committee.

The Internal Auditor has accordingly completed the risk assessment in 2018 for GIS and its subsidiaries, developed an audit plan covering 13 audits and 14 quarterly follow-up audits up to 2020. The internal auditor has completed 8 audits and 2 follow-up audits till 2019 and actual results against the plan, follow up on the implementation of the outstanding observations and related corrective management plans are submitted to the GIS Board Audit Committee on a quarterly basis.

In addition the Internal Auditor was requested to carry out ICoFR test of design, COSO Internal Control – Integrated Framework (2013) gap analysis and test of internal controls design and operating effectiveness. The appointed Internal Auditor considers risk assessment at both the Company and subsidiaries levels, then they draw up an appropriate audit plan and follow up on the implementation of the outstanding observations and related corrective management plans.

In addition the Internal Auditor was requested to carry out ICoFR test of design, COSO Internal Control – Integrated Framework (2013) gap analysis and test of internal controls design and operating effectiveness.

4-2-2 External Audit

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors’ list. Thereafter, Committee submits its recommendation to the Board on selecting an external auditor for appointment. Immediately after the Board approves the recommendation, it shall be included in the agenda of the Company’s General Assembly.

The General Assembly shall appoint an external auditor for one year, renewable for a similar period or other similar periods up to a maximum of five consecutive years, provided that no re-appointment shall be made before two consecutive years are passed. The agreement between the Company and the External Auditor provides that the External Auditor’s employees are required to strictly maintain confidentiality. Under relevant regulations and laws, the External Auditor is prohibited from combining between its assigned business, functions and duties and any other business in the Company, and from working at the Company before at least one year from the date of relations end with such Company.

The Company floated a tender for the appointment of an external auditor as from 2019 for a period of five years. The recommendation made by the formed committee is presented to the Company’s General Assembly for approval. The External Auditor’s employees are required to strictly maintain confidentiality. Under relevant regulations and laws, the External Auditor is prohibited from combining between its assigned business, functions and duties and any other business in the Company, and from working at the Company before at least one year from the date of relations end with such Company.

The appointment of KPMG as the Company’s external auditor for 2019 for an annual fee of QR 333,500, including external audit and additional tasks in accordance with QFMA instructions for evaluating ICoFR.
Taking into account the requirements of Article no. 24 of QFMA Governance Code, the scope of the work of the External Auditor covered internal control and performance assessment, particularly with regard to appropriateness and effectiveness of the applicable internal control systems and internal controls over financial reporting and Company’s adherence to its Articles of Associations and compliance with the provisions of the Law and QFMA’s relevant legislations, including the provisions of the Governance Code for Companies and Legal Entities Listed on the Main Market. The External Auditor’s report for 2019 in this regard will be submitted to QFMA and the Company’s management to take the required corrective actions, if any.

The External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. The External Auditor reports on observations made on significant financial issues and applied financial controls. The External Auditor attended and submitted their report to the General Assembly of 2018 held on 10/03/2019.

Moreover, the External Auditor, KPMG, presented their report on key accounting and auditing matters to the Board for the financial year ended 31/12/2018. In addition, the Auditor submitted an independent report on the adequacy of the internal controls over financial reporting and related assessment, in which they noted that the internal controls over financial reporting for the substantial processes were not properly designed in accordance with COSO Framework as at 31/12/2018. The External Auditor also submitted an independent report on the extent to which the Company is complying with its Articles of Association, in which they reported that nothing had come to their attention to cause them to believe that the management assessment of compliance with QFMA requirements did not present fairly, in all material respects, Company’s compliance with QFMA Code, relevant legislation and its Articles of Association as at 31/12/2018.

4-3 Compliance
GIS Board of Directors is strongly committed to maintaining full compliance with all applicable regulations, including QFMA requirements for listed companies. The Board makes every effort to ensure that a governance structure based on best practices, standards and regulatory governance requirements is developed and implemented.

The main responsibility of the Compliance Section is to assist the Board of Directors, Board Audit Committee and the Company’s management to comply with governance rules, and to manage and monitor risks by ensuring that relevant policies and procedures are in place to protect the Company, as a listed entity, against exposure to the risks of non-compliance.

The Compliance Section continuously monitors changes to governance regulations and best practices, and periodically updates the Board on any changes to governance practices / regulations.

As and when the Company is required to update its governance structure due to new changes to corporate governance regulations and leading practices, Compliance Officers are required to prepare and submit proposals on governance changes to the Board for approval.

In this regard, a mechanism was developed to review, monitor and ensure the company’s compliance with applicable laws, rules and regulations, and to enhance the Company’s self-revision of risk management. The mechanism will be applied in 2020. This mechanism generally aims to:

- Provide a reasonable assurance of the Company’s compliance with the relevant applicable laws and regulations;
- Detect cases of non-compliance, whether accidental or intentional;
- Take the necessary disciplinary actions in accordance with the Company’s regulations in cases of noncompliant behavior;
- Take the necessary corrective actions to address the consequences of noncompliance;
- Develop proposals to avoid non-compliance in the future.

At group companies level, which is not the subject of the report, each company is independently managed, in accordance with the agreements under which it was established with other partners, by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, guaranteeing the protection of all shareholder rights of different classes.

Each company also has its own systems and internal controls, including risk management systems, which are overseen by the group company’s Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees and governance and compliance committees. All of this contributes positively to creating a control environment in line with the best standards and practices.

Moreover, GIS appoints only qualified and eligible Directors – its representatives to subsidiaries - who are sufficiently experienced to perform their duties effectively in the best interest of the subsidiary and dedicated to
achieving its goals and objectives. Upon appointment, a Director will be fully responsible to the subsidiary, in
which he holds a seat on its Board, and shall be held accountable for his decisions to GIS as a shareholder in
the General Assembly meeting, thereby increasing the level of independence from the appointee and non-
interference in the management.

5. DISCLOSURE AND TRANSPARENCY

5-1 Disclosure

The Company complies with disclosure requirements, including A) financial reports and notes thereto as disclosed
to the regulators, published in the local newspapers and posted on the Company’s website (www.gis.com.qa),
B) number of shares owned by the Chairman, Board Directors and members of the senior Executive Management,
and C) major shareholders.

The Company also complies with the requirements of disclosing information on the Chairman, Directors, Board
Committees, Chairman and Directors’ qualifications and experience as noted from their bio, and whether any
of them is a member of the Board of Directors of other listed company, a member of its senior Executive
Management or its Board committees.

During 2019, no violations were committed and no fines or penalties were imposed by a regulator. With the
exception of the Appeal Case claiming for compensation in the order of OAR 20 million. The Court of Appeal
issued a judgement on 25/12/2019 and rejected the appeal. Therefore, there is no settlements of any actual,
pending, or threatened litigation or claims during the period against GIS and that there are no unasserted claims
and assessments considered by management to be probable of assertion.

Disclosure by the Company is made in accordance with specific procedures approved by the management.
These procedures include ways of dealing with rumors by proving false or true, and how to clearly disclose in
writing in a manner that is consistent with QFMA relevant regulations.

The Board takes appropriate measures to ensure that all disclosures are made in accordance with the instructions
and rules of the relevant regulatory authorities, and that accurate and non-misleading information with the required
quality and quantity is provided to all shareholders in an equitable manner to enable them to take informed decisions.

5-2 Conflict of Interest

The Board complies with the principles of QFMA Code in terms of disclosing any dealings and transactions the
Company enters into with any “Related Party”, in which such Related Party has an interest that may conflict with
the Company’s interest. In all cases, any transactions with Related Parties are disclosed in the notes to the
Company’s financial statements, which are published in the local newspapers and posted on the Company’s
website.

The Company also seeks the approval of the General Assembly before entering into a major deal or transaction, as
defined by QFMA, with a Related Party. Such deal or transaction must be put on the agenda of the next General
Assembly to complete the procedures for conclusion.

Further, the Company developed a policy on Related Party transactions in its Corporate Governance Framework.
Such policy takes into account the following:

- Review of these transactions, if any, by the Board Audit Committee and the Board of Directors to ensure compliance
  with relevant regulations.
- Ensure that all transactions with, or for the benefit of, any related party are on terms and conditions that are
  acceptable and within safe and sound practices and fulfil the adequacy condition of the required documents and
  the appropriate levels of the approving authority.
- Ensure that a transparent process, when applicable, is in place with adequate disclosure of related party
  transactions to shareholders.
- Price in a manner consistent with the recognized market practices, or on an appropriate basis, being arms-
  length.
- Adequate documentation, and such documentation may take the form of, for example, a services agreement,
  sale and purchase agreement, loan agreement etc., as appropriate, and that the terms and conditions contained
  therein are consistent with market practices.

5-3 Transparency and upholding the interest of the Company

The Board of Directors recognizes that the risk of conflict of interest may arise from the fact that a Director
or a member of the Executive Management is a “Related Party”, or access to Company’s information by
employees, service providers and any other stakeholder. In order to avoid this, the Company adopted a conflict of interest policy within its Corporate Governance Framework to identify, as far as possible, conflict of interest situations, and to prevent losing objectivity by adhering to the appropriate professional conduct and establishing the principles of transparency, fairness and disclosure.

In accordance with the Company’s regulations and Conflict of Interest policy, if a Related Party is in a conflict of interest situation, it shall not be entitled to attend the discussion, cast vote, or pass a resolution in this respect.

In general, a Related Party shall avoid any situation that may involve or result in actual or potential conflict of interest. In all cases, all related decisions must serve the Company’s interests.

Moreover, Directors and employees / service providers understand that all information related to GIS, its subsidiaries and customers is confidential and only used for the Company’s purposes. Using such information for personal or family purposes or for other benefits is considered unethical and illegal conduct.

5-4 Disclosure of share trading
The Company adopted procedures and rules that govern insider trading. These procedures and rules take into account the definition of the insider, whether permanently ex officio or temporarily in carrying specific duties for the Company. By virtue of his office, the insider has access to material information about the Company that could have a positive or negative impact on the investment decisions that can be taken by those who trade Company’s share at Qatar Stock Exchange.

The Company updates Qatar Central Securities Depository (QCSD) with details of the insiders, Directors and members of the Company’s Executive Management, so that Qatar Stock Exchange could ban their trading on the Company’s shares according to the applicable rules in this regard, and to disclose these tradings on a daily basis.

In general, insiders are not allowed to benefit directly or indirectly from the use of inside information that has not yet been disclosed. Trading Company’s shares on the basis of inside information, regardless trade size, is a serious violation of the Company’s ethical standards and policies. In addition, the insider may not assist others to trade the Company’s shares by improperly disclosing inside information to them.

6. STAKEHOLDER RIGHTS
6-1 Equal rights of shareholders
Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the Law, regulations and relevant decisions.

The Company’s Articles of Associations and bylaws provide for the procedures and guarantees needed for all shareholders to exercise their rights, particularly the rights to receive the determined dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access information and request it with no harm to the Company’s interests.

The Company has convened an Extraordinary General Assembly meeting on 05/03/2018 to amend its AoA by adding a provision on shareholder’s right to sell shares as follows:

“Should a Shareholder or a group of Shareholders reach an agreement to sell Shares in the Company equal to or exceeding fifty percent (50%) of the Company’s market capitalization, such agreement shall not be enforceable unless an offer is extended to the remaining Shareholders to exercise, at such Shareholders’ discretion, their Tag-Along Right.”

6-2 Register of shareholders
The register of shareholders is managed in accordance with the rules and procedures of Qatar Stock Exchange. The register of shareholders is kept and updated by Qatar Central Securities Depository (QCSD). Under the agreement between GIS and QCSD, the latter undertakes the tasks of registering, maintaining and depositing of securities, clearing and settlement, entering dealings in securities, whether purchase, sale, transfer of ownership, registration or pledging in the respective registers.

6-3 Shareholder rights to access information
The Company’s Articles of Association provide for the procedures to be followed by shareholders for accessing information permitted to be disclosed to enable them to exercise full rights without prejudice to other shareholders’ rights or adversely affect the interests of the Company.
The Board of Directors and the Company’s employees are making efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make the right investment decision by:

(a) Ensuring fair and transparent disclosure of the Company’s information both in quality and quantity in accordance with applicable laws and regulations;
(b) Publishing a presentation and holding a quarterly earning call;
(c) Dedicating a professional team to meet shareholders and discuss their inquiries regarding the company’s financial and operating performance;
(d) Attending events and conferences;
(e) Updating the Company’s website (www.gis.com.qa) in line with the modern display techniques to better serve the shareholders of the Company and all related parties. The website contains a dedicated section for investor relations through which all information subject to regular and immediate release, including, financial reports, press releases and corporate governance reports and their requirements.
(f) Making and maintaining strong partnerships with newspapers and other media.

Qatar Stock Exchange and Qatar Financial Markets Authority are provided with the details of contact person. Further, an email account (gis@qp.com.qa) was created to receive any inquiries or questions from the Company’s shareholders. The Company also seeks views and consider assessments and suggestions from the institutional and individual shareholders, with whom it maintains regular communication.

Company representatives ensure that all information provided to shareholders / investors is of the kind that is allowed to be disclosed to the public. Providing confidential information or favoring a shareholder more than another is strictly prohibited.

6-4 Shareholder rights to General Assembly
6-4-1 Attendance and invitation

In accordance with QFMA instructions, each shareholder, whose name is entered in the shareholders’ register at the close of the business on the same day of the General Assembly of the Company is entitled to attend the General Assembly meeting. Such shareholder shall have one vote for each share held by that shareholder in accordance with the Company’s Articles of Association, Company’s shareholders have all of the relevant rights, including:

- The right of the registered shareholder to attend the General Assembly meeting, in person or by a proxy or legal deputy, at the end of trading session on the day on which the General Assembly is convened.
- The right to participate in deliberations and vote on such matters on the meeting agenda.
- The right of the shareholder to appoint by a proxy executed in writing another shareholder who is not a Director to attend the General Assembly on his behalf; provided that shareholder by proxy shall not own more than (5%) of the Company’s share capital.
- The right of the shareholder(s) who owns at least (10%) of the Company’s share capital, for serious grounds, to request an invitation to convene General Assembly. The right of the shareholders representing at least (25%) of the Company’s share capital to invite Extraordinary General Assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard.

6-4-2 Effective Participation

The Company saves no effort to ensure that shareholders have the opportunity to participate effectively, vote in General Assembly Meetings and be informed of the rules, including voting procedures, which govern general shareholder meetings. In achieving this, the Company:

- Provides the shareholders with sufficient information in quality and quantity on the date, location and agenda of the general meetings, as well as complete and timely information regarding the matters to be discussed at the meeting to enable them to make a decision by announcing the agenda for its meeting in the local newspapers and on its own website. It also communicates the agenda to Qatar Stock Exchange for announcement on its website.
- Enables shareholders to directly pose questions to Board Directors, place items (if any) on the agenda of the meeting, and to propose or object to resolutions, subject to the procedures established by law and applicable regulations in this regard.
- Provides shareholders with a mechanism to vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.
In accordance with the Company’s Articles of Association, Shareholder may object to any resolution deemed for the interest or harm of a certain group of shareholders; or brings personal benefits for Directors or others without regard to the Company’s interests. Shareholder is entitled to enter such objection into the record of the meeting and to invalidate the objected resolution without prejudice to the provisions of the Articles of Association in this regard.

For 2019, the agenda of the Ordinary General Assembly meeting included the following:

6. Approve the Board’s recommendation for no dividend for the financial year ended December 31, 2018.
7. Absolve the Directors of the Board from liability for the year ended December 31, 2018 and determine their remuneration.
8. Approve the period of appointment of the external auditor for the financial year ending December 31, 2019 and determine their fees.

The following agenda item was discussed at the Extraordinary General Assembly and approved by the Company’s shareholders:

1. Amend some Articles of the Company’s Articles of Association pursuant to QFMA Board decision of its 4th meeting of 2018 held on 16/12/2018 on amending the nominal value of the shares of the companies listed on the main market and the secondary market in Qatar to become one (1) Qatari Riyal.

6-4-3 Election of Board Directors

GIS adheres strictly to disclosure requirements with regard to Board candidates (four elected Directors). The Company has already provided its shareholders with full information about all candidates, including their qualifications and experience as noted from their bios. On 20/02/2018, GIS proactively provided the regulators with candidate names and posted them on the Company’s website before the meeting of the General Assembly, which was held on 05/03/2018, so that shareholders could take informed decisions on the selected candidates.

As for appointed Directors, Qatar Petroleum appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. Qatar Petroleum makes timely disclosure of its decisions on the composition of the Board of Directors or any change thereto.

6-4-4 Dividend distribution

In accordance with the provisions of the Company’s Articles of Association amended by the resolution of the Extraordinary General Assembly held on 26/02/2017, pursuant the resolution of the Extraordinary General Assembly held on 05/03/2018 and without prejudice to the Company’s ability to fulfill its obligations towards third parties and pursuant to a resolution of the General Assembly, dividends of not less than five (5) percent of the net profits of the Company after deducting legal deductions shall be distributed to registered shareholders at the end of trading session on the day on which the General Assembly is convened, provided that the dividend shall not exceed the amount recommended by the Board.

The main lines of the dividend distribution policy, as described in the Company’s Corporate Governance Framework, are explained in the attachments to the meeting agenda of the Company’s General Assembly.

In general, such policy requires the Company to balance shareholders’ expectations with its operational and investment needs by considering the following factors before presenting the proposed dividend distribution to the General Assembly:

1. Amend some Articles of the Company’s Articles of Association pursuant to QFMA Board decision of its 4th meeting of 2018 held on 16/12/2018 on amending the nominal value of the shares of the companies listed on the main market and the secondary market in Qatar to become one (1) Qatari Riyal.
the current year and previous years. Shareholders can visit any of the bank branches to receive their dividends in cash, transfer these dividends to their accounts or receive dividend cheques. The Company’s website is updated with the required documents all related details to claim dividends.

As for the resolution of Company’s General Assembly of 2019 for the financial year ended December 31, 2018, the General Assembly approved the Board’s recommendation of no dividends for 2018.

6-5 Conducting Major Transactions

The Company is committed to treat all shareholders equitably. Shareholders of each class of shares are equal and have all the rights arising from the share ownership in accordance with the provisions of the relevant law, regulations and decisions. The Company ensures that minority shareholders are protected against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

The Company ensures that minority shareholders are protected against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

Therefore, the Company ensures that all shareholders are equitably treated at the General Assembly meeting, and that voting process is facilitated without prejudice to the provisions of its AoA.

In accordance with the Company’s Articles of Association, Shareholders in general and Minorities in particular may, in the event that the Company conducts Major Transactions that might harm their interests or prejudice the ownership of the Company’s share capital, object and enter such objection into the record of the meeting and to invalidate the objected transaction without prejudice to the provisions of these Articles in this regard.

The Company’s capital structure is disclosed in the financial statements and herein. Additionally, Qatar Stock Exchange discloses the Company’s major shareholders on its website.

With the exception of some selected entities identified in the Company’s Articles of Association, and pursuant to the resolution of the Company’s Extraordinary Assembly held on 02/05/2018, no person or entity, shall hold either directly or indirectly (or be beneficially entitled to) shares of a nominal value exceeding 2% of the Company’s capital. The maximum ownership of the company’s share capital is 2%. Qatar Central Securities Depository (QCSD), the entity charged with managing the register of the Company’s shareholders, ensures that this maximum ownership limit is maintained.

Moreover, the Company has convened an Extraordinary General Assembly meeting on 05/03/2018 to amend its Articles of Association by adding an article on the mechanism for determining the Non-Qatari ownership percentage to a maximum of forty-nine percent (49%) of the portion of the shares listed on the Qatar Stock Exchange.

Details of shareholdings in GIS share capital could be obtained from Qatar Central Securities Depository as per the register of shareholders. Details of major shareholdings as of 31 December, 2019 are as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage of Shares (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Fund - General Retirement and Social Insurance Authority</td>
<td>16.50%</td>
</tr>
<tr>
<td>Qatar Petroleum</td>
<td>10.00%</td>
</tr>
<tr>
<td>Military Pension Fund</td>
<td>5.04%</td>
</tr>
<tr>
<td>Qatar Investment Authority</td>
<td>3.76%</td>
</tr>
<tr>
<td>Other Shareholders</td>
<td>64.70%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

GIS will continue to rely on QCSD to obtain valid up-to-date record of shareholdings. As per the information obtained from QCSD dated 31 December 2019, no shareholder has exceeded the limit specified in the Company’s Articles of Association, except as expressly provided therein.

6-6 Stakeholder rights (non-shareholders)

The Company safeguards and respects its stakeholders’ rights. Each stakeholder may request the information related to his interest upon submitting a proof of identity. The Company is committed to provide the requested information in a timely manner and in a way that does not threaten others’ interests or prejudice its interests.

A whistleblowing policy and related procedures were adopted within the Company’s Corporate Governance Framework to disclose any wrongdoing that may adversely impact the Company, its customers, shareholders, employees or the public at large. Under the policy, GIS assigns a member of the Board Audit Committee to address whistleblowing concerns. The assigned Committee member ensures that issues raised through whistleblowing are raised and reported.
to the Board Audit Committee according to the materiality of the issue.

A whistleblowing hotline (+974) 4013-2802 was established and provided on the Company’s website (www.gis.com.qa) to report malpractice, unlawful or unethical behaviour.

These procedures are also a key defense against management override of internal controls and thus can help improve corporate governance.

GIS recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. GIS will not tolerate harassment or victimization and will take action to protect the whistle-blower that raises a concern in good faith.

6-7 Community right
Realizing the importance of its responsibility and the comprehensive role it plays in community development, Gulf International Services Company makes unremitting efforts to support social initiatives and deepen its positive impact on the individual, community and the environment in general.

The Company is making efforts to reduce the environmental impact of its operations to the lowest possible sensible level by adopting effective sustainability plans, while also providing job opportunities for qualified Qataris and maintaining suitable operating environment. As part of its ongoing efforts to diversify its sources of income and expand its complementary business, GIS and its subsidiaries support

Qatar’s overall strategy towards, achieving comprehensive economic development, in the interest of the community in which it operates through initiatives in the areas such as:

1. Health Safety and Environment: health awareness campaign, health service collaborations, safety engagement & culture, HSE training, operational excellence, energy efficiency, environment management which included water management, waste management, spill prevention and air emissions management etc.,

2. People: Qatarization programs (partnership with educational institutions, internships, career fairs, trainings), employee retention, training and development, promoting health and fitness, sports activities etc.; and

3. Society: local procurement, sponsorships and donations etc.,

CONCLUSION
Through its Board of Directors, Gulf International Services Company is committed to implementing corporate governance principles and best practices, maintaining by-laws and internal procedures to achieve the highest levels of governance and create anticipatory (proactive) compliance environment aimed at safeguarding its assets and capital, protecting the interests of its customers and shareholders and preserving the Company’s integrity and image.

The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate during 2019 as set out in its Charter and relevant legislation. The Board exercises due diligence and care in managing the Company in an effective and productive manner to achieve the interest of the Company, all shareholders and stakeholders in a balanced manner.

Khalid bin Khalifa Al-Thani
Chairman
APPENDIX
BOARD OF DIRECTORS BIOS

Sheikh Khalid bin Khalifa Al-Thani
Chairman
Non-Executive / Non-Independent Member

Sheikh Khalid bin Khalifa Al-Thani holds a Master Degree in Business Administration (MBA) from Pacific Lutheran University, Tacoma, Washington, United States.

Khalid bin Khalifa Al-Thani was appointed Chief Executive Officer (CEO) of Qatargas Operating Company Limited (Qatargas) in 2010. He also serves as Vice Chairman and CEO of the Qatargas group of companies.

Before his appointment to Qatargas, Sheikh Khalid was Director of Ras Laffan Industrial City since 2007 and prior to that he held the position of Business Development Manager of Mesaieed Industrial City. Sheikh Khalid held various key positions in Qatar Petroleum since joining the corporation in 1991.

Other positions*:
Vice Chairman, Milaha
Number of shares in GIS: Nil

Mr. Suleiman Haidar Al Haidar
Vice Chairman
Non-Executive / Non-Independent Member

Mr. Suleiman Haidar Al Haidar holds a BA in Business Administration from Qatar University.

Mr. Suleiman Al Haidar currently holds the following positions: Chairman of Al–Haidar Holding; Chairman of Suleiman & Brothers; Board Member & Head of Audit Committee of Milaha. He has previously held the following positions: Board Member & Member of Audit Committee at Venture Capital Bank of Bahrain; Board Member and Head of Audit Committee of Qatar Navigation; Board Member & President of Investments of Qatari German Medical Co.; Executive Manager of Private Banking at Qatar National Bank; Board Member of The Chamber of Commerce- Qatar; Board Member & Head of Audit Committee at International Investment Bank of Bahrain.

Other positions*:
Board member, Milaha
Number of shares in GIS: 26352190

Number of shares in GIS:
Nil
Mr. Ghanim Mohammed Al-Kuwari
Non-Executive / Non-Independent Member

Mr. Ghanim Mohammed Al-Kuwari obtained Bachelor of Science in Computer Science from the University of Wisconsin in 1986.

Mr. Al-Kuwari joined QP in 1986 as fresh graduate in Information Systems Division. He has held various positions from 1989 to 1993.

In 1993, he was seconded to Qatargas and shortly became IT Manager. In 2006, he was promoted to the position of Chief Operating Officer-Administration. He is currently the Chief Human Capital Officer in Qatargas.

Other positions*: Nil

Number of shares in GIS: 34160

Mr. Mohammed Abullah Al-Mannai
Non-Executive / Independent Member

Mr. Al Mannai received a Bachelor of Engineering in Electrical and Electronics, UK, and a Master of Business Administration from the University of Sunderland, UK, in 2014.

He started his business career back in 2007 by establishing Al Sehmiah Cement Factory, a manufacturer of bricks and blocks of all types and supplying concrete products across Qatar.

In 2010, he set up Afuq Qatar Investment that focuses in investing in both stocks and real estate development. He managed to grow the company and has completed real estate projects, both residential and commercial buildings.

In 2017, he established Wadeen for Investment and Real Estate Development

Other positions*: Nil

Number of shares in GIS: 1000000
Sheikh Jassim bin Abdullah Al-Thani
Non-Executive / Independent Member

Sheikh Jassim bin Abdullah Al-Thani obtained a Bachelor Degree (B.SC) in Administrative Science and Economic majoring in Accounting from Qatar University in 2005.

Sheikh Jassim started his career as an Assistant Manager at the Qatar Takaful Company and was promoted to Assistant General Manager in 2006 and worked in that position until 2009.

He then worked in the Business Development Department of QIA for 5 years and subsequently worked in the Training Department for two years.

He is currently working as a Senior Performance Analyst within the CFO Office of QIA, a position he has held since April 2016.

Other positions:
Nil
Number of shares in GIS: 410

Mr. Saad Rashid Al-Muhannadi
Non-Executive / Non-Independent Member

Saad Rashid Al-Muhannadi obtained BSC in Industrial & Systems Engineering from the University of Southern California (USC), LA. USA 1990. Saad joined Qatar General Petroleum Company (QGPC) Engineering Department as a Developee in 1990. He held various positions within the Engineering Business Department before he was appointed as Engineering Business Manager in 2001 where he was responsible for a wide spectrum of duties.

Saad became the first Corporate Manager – Contracts in 2003, reporting to the Managing Director (MD) of Qatar Petroleum (QP), where a Centralized Contracts Department was established to serve all QP Departments. This included the development of Systems, Processes with a full suite of related procedures.

In June 2006 Saad was appointed to the post of Director Technical and was reporting to the Managing Director (MD) of Qatar Petroleum (QP). Executive responsibility for planning, directing controlling and executing a diverse range of Oil and Gas related and Civil Infrastructure Capital Projects. Saad was appointed as Chief Executive Officer of Qatar Chemical Company Limited (Q-Chem) in September 2015. In April 2017, he was appointed as the Chief Executive Officer of WOQOD.

Other positions:
CEO and Managing Director, Qatar Fuel (Wqod)
Number of shares in GIS: 97100
Mr. Abdulla Khalifa M. Al-Rabban
Non-Executive / Non-Independent Member

Mr Abdulla Khalifa M Al-Rabban obtained an applied economics, business and general social science from the University of Oregon in 2015.

Mr. Abdulla Khalifa M Al-Rabban joined General Retirement & Social Insurance Authority in as of the beginning of 2017.

He also held the position of investment researcher.

Other positions*:
Nil
Number of shares in GIS:
Nil

*Positions on the Boards of other companies listed on the Qatar Stock Exchange. GIS Directors may also have positions in other entities / companies.