

We are pleased to invite you to attend the company's Annual Ordinary General Assembly Meeting to be held on Wednesday, February 18th, 2015 at 6:00 pm in Al-Fayrouz Ballroom, Marriott Hotel - Doha. In the case that a quorum is not met, a second meeting will be held on Wednesday, March 4th, 2015 at the same time and location.

Agenda of the Ordinary General Assembly Meeting

1. Listen to the Chairman's Message for the financial year ended December 31, 2014.
2. Listen to the Board of Directors' Report on GIS's operations and financial performance for the financial year ended December 31, 2014, and the future plans of the company.
3. Listen to the Auditors' Report on GIS's consolidated financial statements for the financial year ended December 31, 2014.
4. Discussion and approval of GIS's consolidated financial statements for the financial year ended December 31, 2014.
5. Approve the Board's recommendation for a dividend payment of QR 5.50 per share, representing 55% of the nominal share value.
6. Absolve the Board of Directors from responsibility for the year 2014 and approve their remuneration.
7. Presentation of the Corporate Governance Report for 2014.
8. Appointment of the external auditors for the financial year ending December 31, 2015 and approve their remuneration.
9. Elections and the re-composition of the Board of Directors of GIS for the period from 2015 to 2018.

Dr. Mohamed Saleh Al-Sada
Chairman and Managing Director

Notes

1. Please bring your Identity Card and NIN number issued by the Qatar Exchange to the AGAM venue for registration, which will commence at 5:00 pm.
2. If you are not able to attend personally, you may wish to authorize another GIS shareholder to vote on your behalf in the AGAM. You can do this by using a proxy form which you can download from the company's website: www.gis.com.qa.
3. Once completed and signed, the proxy form must be delivered to Gulf International Services no less than 48 hours prior to the commencement of the Annual General Assembly meeting.
4. No proxy may be appointed to act if, in consequence of such appointment, the proxy shall represent more than five (5) per cent. of the Company's issued share capital when the Shares of the person appointing the proxy are aggregated with the Shares of the person appointed to act as proxy.
5. Kindly be advised that one shareholder may act as proxy for one or more shareholders, subject to the Articles of Association.
6. For the avoidance of doubt, shareholders are advised that this Notice to Shareholders constitutes good and valid notice, with no need for distribution by normal post, under the Company's Articles of Association as approved for amendment under Extraordinary General Assembly Resolution of 19 April 2009.

BOARD OF DIRECTORS REPORT OF GULF INTERNATIONAL SERVICES Q.S.C.

Introduction

The Board of Directors is pleased to present its 7th report on the operational and financial performance of Gulf International Services, the largest services group in Qatar with interests in a broad cross-section of industries, ranging from insurance, re-insurance, fund management, onshore and offshore drilling, accommodation barge, helicopter transportation, and catering services.

Financial Results

Revenue

Group revenue for the twelve months ended December 31, 2014 was QR 3.9 billion, representing a significant increase of QR 1.6 billion, or 69.7%, over the same period last year.

The group's share in revenue from Gulf Drilling International Company in 2014 was QR 1.8 billion, a significant increase over 2013 of QR 0.9 billion, or 100.0%. This performance was driven largely by the offshore sector, which contributed over 80% of total revenue. The group also benefitted from favorable contract extensions for four of its onshore drilling rigs.

Aviation segmental revenue for the twelve months increased by a moderate QR 25.7 million, or 4.2%, to total QR 644.2 million. The benefit of delivery of new helicopters during the year, and the success of GHC's proactive business development were partially mitigated by the end of its long-term relationship with the National Health Authority for the provision of a helicopter emergency medical service.

The group's insurance subsidiary registered gross insurance revenue for the financial year ended December 31, 2014 of QR 735.5 million, a commendable QR 28.5 million, or 4.0%, improvement on the same period of 2013. The main contributor to this growth was the medical line of business which reported a year-on-year increase of 17.6% and now constitutes approximately 42% of Al Koot's annual revenue.

Amwaj Catering Services Limited contributed QR 1.1 billion to group revenue, and now represents the second largest revenue segment. Compared to last year, the company grew by QR 118.6 million, or 12.1%, due to the expansion of core industrial catering and manpower contracting services.

Net Profit

Net profit for the year closed at QR 1.4 billion, a significant year-on-year increase of QR 0.7 billion, or 108.3%. This year-on-year improvement was driven by the ambitious growth plans across all segments, especially in the Drilling segment, and a gross one-off non-cash accounting adjustment for QR 0.3 billion. This accounting adjustment was necessary to effect the gain on bargain purchase following the acquisition by GIS of the 30% shareholding of Japan Drilling Company in GDI on May 1, 2014, and has no cash flow implications.

The favorable year-on-year positive net profit variance in the Drilling segment of QR 440.6 million, or 179.1%, was driven primarily by the additional profit attributable to the buy-out of the interest held by its overseas drilling partner, the commencement of new offshore operations, and to higher daily rates received for the extension of four onshore rig contracts.

Aviation segment earnings for the year ended December 31, 2014 were impacted by operating cost increases, as the subsidiary registered a modest QR 6.8 million reduction in year-on-year net profit to close at QR 231.1 million.

Profit in the Insurance segment for the financial year reached QR 162.4 million, a moderate increase of QR 8.4 million, or 5.5%, as strong Medical revenue growth and gains on the company's investment portfolio were partially offset by increased major insurance claims.

Net profit in the Catering segment for 2014 was QR 118.9 million, up by QR 56.4 million, or 90.2%, as the subsidiary benefitted from its business expansion strategy, improved margins due to reduced operating costs and the provision of shut-down related services in the plants of clients.

Proposed Dividend Distribution

The Board of Directors propose a total annual dividend distribution for the year ended December 31, 2014 of QR 1.0 billion, equivalent to a payout of QR 5.50 per share, and representing 72.5% of the group's net profit.

Conclusion

The Board of Directors expresses its gratitude to His Highness, Sheikh Tamim Bin Hamad Al-Thani, Emir of the State of Qatar, and to His Highness, Sheikh Hamad Bin Khalifa Al-Thani, the Father Emir. Our gratitude is also extended to the management and employees of the group companies for their hard work, commitment and dedication to Gulf International Services.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF INTERNATIONAL SERVICES Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gulf International Services Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and applicable Qatar Commercial Companies Law provisions, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Gulf International Services Q.S.C. and its subsidiaries, as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other legal and regulatory requirements

We are also of the opinion that proper books of account were maintained by the Company and physical inventory has been duly carried out. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. We further confirm that the consolidated financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche
Qatar Branch

Muhammad Bahemia
Partner
License No. 103

Doha - Qatar
February 2, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	Notes	December 31, 2014 QR '000	December 31, 2013 QR '000
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,037,488	963,184
Goodwill	5.3	313,026	303,559
Investment properties	7	1,125	1,125
Investment in joint ventures	8	-	1,379,565
Held-to-maturity financial assets	9	85,484	85,448
Available-for-sale financial assets	10	300,496	169,985
Total non-current assets		7,737,619	2,902,866
Current assets			
Inventories	11	202,766	79,542
Due from related parties	27	634,452	242,722
Accounts receivable, prepayments and other debit balances	12	679,237	622,081
Insurance contract receivables		266,579	363,099
Financial assets at fair value through profit or loss	13	218,331	260,656
Cash and bank balances	14	1,087,281	893,200
Total current assets		3,088,646	2,461,300
Total assets		10,826,265	5,364,166
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,858,409	1,486,727
Legal reserve	16	286,538	75,474
General reserve	17	74,516	74,516
Foreign currency translation reserve		(349)	(337)
Fair value reserve	10	31,588	16,857
Retained earnings		1,927,027	1,432,486
Total equity		4,177,729	3,085,723
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	20	64,402	40,413
Loans and borrowings	19	3,945,832	468,731
Total non-current liabilities		4,010,234	509,144
Current liabilities			
Accounts payable, insurance payables and accruals	21	1,718,891	1,629,343
Due to related parties	27	10,556	531
Loans and borrowings	19	908,855	139,425
Total current liabilities		2,638,302	1,769,299
Total liabilities		6,648,536	2,278,443
Total equity and liabilities		10,826,265	5,364,166

These consolidated financial statements were approved by the Board of Directors and signed on its behalf on February 2, 2015 by:

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

Saeed Mubarak Al-Muhammad
Vice-Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	December 31, 2014 QR '000	December 31, 2013 QR '000
OPERATING ACTIVITIES		
Profit for the year	1,409,879	676,982
<i>Adjustments for:</i>		
Depreciation	359,968	89,669
Employees' end of service benefits	19,412	13,444
Finance cost	48,415	15,187
Gain on disposal of property, plant and equipment	(6,232)	(1,307)
Share of profit of joint ventures	(99,842)	(244,874)
Net gains on financial assets at fair value through profit or loss	(15,908)	(1,220)
Amortization of discount of held to maturity financial assets	(36)	(35)
Gain from business combination	(269,440)	-
Provision for doubtful debts, net	465	10,873
Finance income	(21,366)	(18,383)
Provision for slow moving and obsolete items	1,565	2,069
Net gain on sale of available-for-sale financial assets	(24,412)	(1,445)
	1,402,468	540,960
Working capital changes:		
Inventories	(40,494)	(19,428)
Accounts receivable, due from related parties, insurance contract receivables, prepayments and other debit balances	(32,210)	211,743
Accounts payable, due to related parties, insurance payables and accruals	(156,440)	(110,429)
Cash generated from operating activities	1,173,324	622,846
Employees' end of service benefits paid	(6,203)	(3,170)
Net cash from operating activities	1,167,121	619,676
INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	100,321	27,740
Finance income	21,366	18,383
Dividend income received from a joint venture	140,140	101,919
Proceeds from sale of financial assets at fair value through profit or loss	94,070	233,929
Acquisition of property, plant and equipment	(1,768,011)	(113,848)
Acquisition of financial assets at fair value through profit or loss	(35,837)	(83,741)
Acquisition of available-for-sale financial assets	(191,689)	(131,793)
Time deposits with original maturities in excess of three months	(103,533)	(20,104)
Proceeds from disposal of property, plant and equipment	6,410	2,614
Investment in a joint venture	-	(127,400)
Acquisition of a subsidiary net of cash received (Note 5.2)	(437,910)	-
Net cash used in investing activities	(2,174,673)	(92,301)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	1,770,293	-
Repayment of loans and borrowings	(326,433)	(172,588)
Dividends paid	(297,345)	(223,009)
Finance costs paid	(48,415)	(15,187)
Net cash from (used in) financing activities	1,098,100	(410,784)
Increase in cash and cash equivalents	90,548	116,591
Cash and cash equivalents at the beginning of the year	508,586	391,995
Cash and cash equivalents at the end of the year	599,134	508,586