

GULF INTERNATIONAL SERVICES Q.P.S.C.

**INTERIM CONDENSED UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31
MARCH 2022**

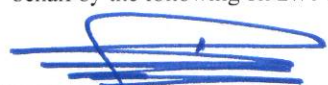
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GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

In thousands of Qatari Riyals

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	5,564,147	5,591,281
Goodwill		303,559	303,559
Right-of-use assets		45,581	36,292
Contract assets		9,464	9,464
Equity-accounted investees	4	13,680	12,078
Financial investments		404,381	418,658
Total non-current assets		6,340,812	6,371,332
Current assets			
Inventories		308,885	284,088
Contract assets		6,514	6,514
Due from related parties		701,148	686,354
Financial investments		434,869	420,689
Trade and other receivables		665,116	694,994
Reinsurance contract assets		807,303	757,382
Short term investments		401,039	348,632
Cash and bank balances		436,216	349,407
Total current assets		3,761,090	3,548,060
TOTAL ASSETS		10,101,902	9,919,392
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,858,409	1,858,409
Legal reserve		377,308	377,308
General reserve		74,516	74,516
Foreign currency translation reserve		(60,135)	(55,836)
Fair value reserve		(6,654)	3,786
Retained earnings		1,081,503	998,204
Equity attributable to owners of the Company		3,324,947	3,256,387
Non-controlling interests		(238)	(198)
Total equity		3,324,709	3,256,189
LIABILITIES			
Non-current liabilities			
Lease liabilities		19,359	15,947
Loans and borrowings		3,691,863	3,692,705
Contract liabilities		1,820	1,820
Provision for decommissioning costs		45,725	45,669
Provision for employees' end of service benefits		103,798	101,259
Total non-current liabilities		3,862,565	3,857,400
Current liabilities			
Lease liabilities		34,518	28,868
Dividends payable		49,943	50,429
Loans and borrowings		632,935	632,704
Trade and other payables		846,741	831,273
Due to related parties		40,552	44,507
Insurance contract liabilities		1,306,492	1,214,575
Contract liabilities		3,447	3,447
Total current liabilities		2,914,628	2,805,803
Total liabilities		6,777,193	6,663,203
TOTAL EQUITY AND LIABILITIES		10,101,902	9,919,392

These consolidated financial statements were approved by the Board of Directors of the Company and signed on its behalf by the following on 27/04/2022:



Saad Rashid Al-Muhannadi

Vice Chairman



Ghanim Mohammed Al Kuwari

Member

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

For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

	Note	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Revenue		834,983	704,986
Direct costs		(706,040)	(658,830)
Gross profit		128,943	46,156
Other income/ loss	6	38,128	18,614
Other expenses		(8,438)	-
General and administrative expenses		(51,908)	(48,415)
Provision for impairment of financial assets, net		(1,759)	530
Operating profit		104,966	16,885
Finance income		7,206	8,457
Finance cost		(30,179)	(30,442)
Net finance cost		(22,973)	(21,985)
Group's share of (loss) / profit in equity-accounted investees net of tax		1,602	555
Profit / Loss for the period before tax		83,595	(4,545)
Income tax expense		(336)	(998)
Profit / Loss for the period		83,259	(5,543)
Other comprehensive income /loss			
<i>Items that will not be reclassified to profit or loss</i>			
Debt investments at Fair Value Through Other Comprehensive Income (FVOCI) – net change in fair value		(10,440)	(3,306)
Foreign operations – foreign currency translation differences		(4,299)	(6,992)
Other comprehensive income / (loss) for the period		(14,739)	(10,298)
Total comprehensive income/ loss for the period		68,520	(15,841)
<i>(Loss) / profit attributable to:</i>			
Owners of the Company		83,299	(5,528)
Non-controlling interest		(40)	(15)
		83,259	(5,543)
<i>Total comprehensive (loss) / income attributable to:</i>			
<i>Owners of the parent</i>		68,560	(15,826)
<i>Non-controlling interests</i>		(40)	(15)
		68,520	(15,841)
Earnings / (loss) per share			
Basic and diluted (loss) / earnings per share (Qatari Riyal)	5	0.045	(0.003)

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to holders of the Parent	Non-controlling interest	Total
Balance at 1 January 2021 (Audited)	1,858,409	371,389	74,516	(25,713)	22,476	951,292	3,252,369	(52)	3,252,317
adjustment*									
Balance at 1 January 2021 (Audited)	1,858,409	371,389	74,516	(25,713)	22,476	951,292	3,252,369	(52)	3,252,317
Profit / loss for the period	-	-	-	-	-	(5,528)	(5,528)	(15)	(5,543)
Other comprehensive income / loss for the period	-	-	-	(6,992)	(3,306)	-	(10,298)	-	(10,298)
Total comprehensive income / loss for the period	-	-	-	(6,992)	(3,306)	(5,528)	(15,826)	(15)	(15,841)
Balance at 31 March 2021 (Unaudited)	1,858,409	371,389	74,516	(32,705)	19,170	945,764	3,236,543	(67)	3,236,476
2022									
Balance at 1 January 2022 (Audited)	1,858,409	377,308	74,516	(55,836)	3,786	998,204	3,256,387	(198)	3,256,189
Profit for the period	-	-	-	-	-	83,299	83,299	(40)	83,259
Other comprehensive income / loss for the period	-	-	-	(4,299)	(10,440)	-	(14,739)	-	(14,739)
Total comprehensive income / loss for the period	-	-	-	(4,299)	(10,440)	83,299	68,560	(40)	68,520
Balance at 31 March 2022 (Unaudited)	1,858,409	377,308	74,516	(60,135)	(6,654)	1,081,503	3,324,947	(238)	3,324,709

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2022

in thousands of Qatari Riyals

	31 March 2022	31 March 2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / loss for the period before tax	83,595	(4,545)
Adjustments for:		
Depreciation of property and equipment	83,499	89,076
Depreciation of right of use asset	5,784	4,493
Provision for employees' end of service benefits	5,281	5,830
Net movement of financial assets at fair value through profit or loss	(25,934)	(6,038)
Net movement from disposal of financial investments	(6,234)	(3,926)
Amortisation of finance cost related to borrowing	826	1,864
Profit distribution from managed investment funds	(955)	(955)
Finance income	(7,206)	(8,457)
Finance costs	30,179	30,442
Dividend income	(2,604)	(1,844)
Gain on remeasurement of equity accounted investment	(1,602)	(555)
Provision/ Reversal of provision for ECL	1,759	(530)
Other movement	56	(431)
	166,444	104,424
Changes in:		
Inventories	(24,797)	(12,218)
Trade and insurance receivables, prepayments and due from related parties	(2,756)	(443,183)
Contract assets	-	139
Contract liabilities	-	(2,581)
Trade and insurance payables, accruals	68,770	554,236
Cash generated from operating activities	207,661	200,817
Employees' end of service benefits paid	(2,741)	(4,256)
Net cash generated from operating activities	204,920	196,561

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2022

in thousands of Qatari Riyals

	31 March 2022	31 March 2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(63,169)	(22,532)
Purchase of fixed assets	(142,126)	(95,462)
Interest received	7,206	8,457
Proceeds from disposal and maturity of financial assets	164,224	79,045
Net movement in cash at banks more than 3 months	(52,261)	111,900
Net movement in cash at banks – restricted for dividend	486	478
Profit distribution from managed investment funds	955	955
Dividend received	2,604	1,844
Net cash used in investing activities	(82,081)	84,685
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	26,572	26,572
Repayment of loans and borrowings	(28,241)	(85,737)
Dividends paid	(486)	(478)
Finance cost paid	(30,178)	(30,442)
Payment of lease liabilities	(5,970)	(4,200)
Net cash used in financing activities	(38,303)	(94,285)
Net increase /decrease in cash and cash equivalents	84,536	186,961
Change in foreign currency reserve	2,785	2,431
Cash and cash equivalents at 1 January	298,964	386,287
Cash and cash equivalents for the period *	386,285	575,679

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

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

1. REPORTING ENTITY

Gulf International Services Q.P.S.C. (the “Company”) is a Company incorporated on 13 February 2008 in the State of Qatar under the commercial registration number 38200 as a Qatari Shareholding Company. The principal activity of the Company is to operate as a holding company. As per the Extra Ordinary General Assembly Resolution and in accordance with the new Qatar Commercial Companies Law No 11 of 2015, the legal form of the Company has been changed to Qatari Public Shareholding Company (Q.P.S.C.) in 2018. The registered office of the Company is situated in Doha, State of Qatar.

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

The Company was initially incorporated by QatarEnergy as a sole shareholder with an initial capital of QR 5 million on 13 February 2008 which is the date of incorporation of the Company.

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

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

Name of the company	Relationship	Country of incorporation	Percentage of holding	
			31 March 2022	31 December 2021
Al Koot Insurance & Reinsurance Company P.J.S.C.	Subsidiary	Qatar	100%	100%
Amwaj Catering Services Limited. (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%
Gulf Helicopters Company (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%
Gulf Drilling International Limited (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%

These interim consolidated financial statements fully consolidate indirect subsidiaries held through above subsidiaries on a line-by-line basis and also include the share of profit / loss and other comprehensive income from joint ventures accounted for using equity method:

Entity	Relationship	Country of Incorporation	Beneficial ownership interest	
			31 March 2022	31 December 2021
Gulf Drill L.L.C.	Joint venture	Qatar	50%	50%
Air Ocean Maroc	Joint venture	Morocco	49%	49%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
United Helicharters Private Limited (UHPL)	Subsidiary / joint venture	India	90%	90%
Al Maha Aviation Company	Indirect subsidiary	Libya	100%	100%
Redstar Havacilik Hizmetleri A.S.	Indirect subsidiary	Turkey	100%	100%
Gulf Helicopters Investment & Leasing Company	Indirect subsidiary	Morocco	100%	100%

1. REPORTING ENTITY (CONTINUED)

Where necessary, adjustments are made to the interim financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses were eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021.

3. PROPERTY, PLANT AND EQUIPMENT

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Opening net book value	10,294,631	10,564,878
Additions	(20,322)	(171,851)
Foreign currency translation on consolidation	(6,805)	(44,170)
Transfer to other assets	-	(9,449)
Write off	-	(2,773)
Disposal	(7)	(9,107)
Depreciation	(4,703,350)	(4,736,247)
Closing net book value	<u>5,564,147</u>	<u>5,591,281</u>

4. EQUITY-ACCOUNTED INVESTEEES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Investment in joint ventures	<u>13,680</u>	<u>12,078</u>

The Group has investments in below joint ventures at the reporting date:

- i. Gulf Drill L.L.C.
- ii. Gulf Med Aviation Services Limited
- iii. Air Ocean Maroc

Gulf Drill L.L.C. (GD):

The Group has entered into a joint venture arrangement with Seadrill Jack Upholding Limited to form Gulf Drill L.L.C ("GD"), an entity registered in the State of Qatar in accordance with the provisions of the QFC. As per the joint venture agreement, the Group has 50% interest in GD.

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

Gulf Med Aviation Services Limited (GASL):

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

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

Air Ocean Maroc (AOM):

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

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

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

4. EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

	GD LLC	GASL	AOM	Total
31 March 2022				
<i>Percentage ownership interest</i>	50%	49%	49%	
Non-current assets	694,873	1,428	1,524	697,825
Non-current liabilities	(528,149)	-	(3,016)	(531,165)
Current assets	285,411	43,626	16,978	346,016
Current liabilities	(456,396)	(33,692)	(4,865)	(494,952)
Net Assets (100%)	(4,261)	11,363	10,622	17,725
Carrying amount of interest in joint venture	-	4,757	8,923	13,680
Revenue	183,877	14,953	11,995	210,825
Expenses	(180,101)	(14,709)	(8,970)	(203,780)
(Loss)/ profit for the year and other comprehensive income	3,776	244	3,025	7,045
Group's share of profit and other comprehensive income	-	120	1,482	1,602
Carrying amount of the investment	-	4,757	8,923	13,680

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

31 December 2021	GD LLC	GASL	AOM	Total
Percentage ownership interest	50%	49%	49%	
Non-current assets	710,876	1,486	930	713,292
Non-current liabilities	-	-	(3,066)	(3,066)
Current assets	356,336	40,209	17,110	413,655
Current liabilities	<u>(1,076,545)</u>	<u>(30,420)</u>	<u>(4,629)</u>	<u>(1,111,594)</u>
Net assets (100%)	<u>(9,333)</u>	<u>11,275</u>	<u>10,345</u>	<u>12,287</u>
Carrying amount of interest in joint ventures	-	4,637	7,441	12,078
Revenue	517,826	69,782	38,522	626,130
Expenses	(539,047)	(68,129)	(29,766)	(636,942)
Profit / (loss) for the year and other comprehensive income	(21,222)	1,653	8,756	(10,813)
Group's share of profit / (loss) and other comprehensive income	(7,615)	810	4,290	(2,515)
Carrying amount of the investments	<u>-</u>	<u>4,637</u>	<u>7,441</u>	<u>12,078</u>

Reconciliation of carrying amounts:

31 March 2022

	GD LLC	GASL	AOM	Total
Balance at 1 January	-	4,637	7,441	12,078
Additional investment made during the period	-	-	-	-
Group's share of profit / (loss) for the period		120	1,482	1,602
Balance at 31 March 2022	<u>-</u>	<u>4,757</u>	<u>8,923</u>	<u>13,680</u>

31 March 2021

	GD LLC	GASL	AOM	Total
Balance at 1 January	7,615	3,827	3,151	14,593
Additional investment made during the period	-	-	-	-
Group's share of profit / (loss) for the period	842	(1,129)	842	555
Balance at 31 March 2021	<u>8,457</u>	<u>2,698</u>	<u>3,993</u>	<u>15,148</u>

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

5. EARNINGS PER SHARE

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

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

	31 March 2022	31 March 2021
	(Unaudited)	(Unaudited)
Profit / Loss for the period (thousand QR)	83,299	(5,528)
Weighted average number of ordinary shares outstanding during the period (in shares)	1,858,408,690	1,858,408,690
Basic and diluted earnings per share (Expressed in QR per share)	0.045	(0.003)

6. OTHER INCOME /LOSS

	31 March 2022	31 March 2021
	(Unaudited)	(Unaudited)
Other income	12,194	17,293
Fair value gain on financial investments at FVTPL	25,934	1,321
	38,128	18,614

7. INCOME TAX EXPENSE

Income tax expense is recognised at an amount determined by multiplying the profit/ (loss) before tax for the interim reporting period by management’s best estimate of the weighted-average annual income tax rate, prevailing in the State of Qatar and other tax jurisdictions, expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate used in these condensed consolidated interim financial statements may differ from the management’s estimate of the effective tax rate for the annual consolidated financial statements.

In light of the provisions of the new Qatar Income Tax Law No. 24 of 2018 and related Executive Regulations issued subsequently, on 4 February 2020, QatarEnergy (the parent of the Company), Ministry of Finance and the General Tax Authority have reached an agreement through a Memorandum of Understanding (“the MOU”) which provided a mechanism for the settlement of the income tax on share of profit attributable to certain companies listed on Qatar Exchange together with their subsidiaries and joint ventures and included in the said MOU. Gulf International Services Q.P.S.C. (GIS) and all four of its local subsidiaries were included in the said MOU, The MOU also states that the tax amounts due on the share of the public shareholding companies will be recorded in the books and in the tax returns to be submitted to General Tax Authority.

To recognise the tax benefit arising to the Group from the said MOU, the Group has recognised the total income tax amounting to QR 336,000 as other income which otherwise should have been payable to General Tax Authority.

8. OPERATING SEGMENTS

The Group has four reportable segments, as described below. The segments offer different products and services and are managed separately because they require different technology and marketing strategies and also incorporated as separate legal entities. For each of the segments, the Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations of each reportable segment:

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

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

8. OPERATING SEGMENTS (CONTINUED)

For the period ended as 31 March 2022	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	197,871	206,393	122,401	320,771	847,436
Inter-segment revenue	(3,174)	-	(9,280)		(12,453)
External revenue	194,697	206,393	113,121	320,771	834,983
Segment Direct cost	(196,538)	(114,472)	(107,945)	(287,085)	(706,040)
Segment profit/ (loss) before tax	18,620	79,005	100	(9,957)	87,768
Finance income	4,153	420	572	1,157	6,302
Finance cost	-	(232)	(561)	(29,307)	(30,100)
Share of profit/loss from equity accounted investees	-	1,602	-	-	1,602

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

In thousands of Qatari Riyals

8. OPERATING SEGMENTS (CONTINUED)

For the period ended as 31 March 2021	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	256,218	164,791	97,783	198,403	717,195
Inter-segment revenue	(505)	-	(11,704)	-	(12,209)
External revenue	255,713	164,791	86,079	198,403	704,986
Segment Direct cost	(240,514)	(103,941)	(93,211)	(219,315)	(656,981)
Segment profit/ (loss) before tax	15,315	49,549	(545)	(72,434)	(8,115)
Finance income	5,007	422	603	1,690	7,722
Finance cost	-	(417)	(596)	(28,934)	(29,947)
Share of profit/loss from equity accounted investees	-	(293)	-	842	549
	Insurance	Aviation	Catering	Drilling	Total
Segment assets for the period ended as 31 March 2022	2,161,416	1,459,804	377,936	5,408,791	9,407,947
Equity accounted investees	-	13,680	-	-	13,680
Segment liabilities	1,500,768	201,924	282,632	4,820,161	6,805,485
	Insurance	Aviation	Catering	Drilling	Total
Segment assets for the period ended as 31 December 2021	2,163,021	1,503,409	353,523	5,376,361	9,396,314
Equity accounted investees	-	12,078	-	-	12,078
Segment liabilities	1,472,930	204,633	258,319	4,777,774	6,713,655