

GULF INTERNATIONAL SERVICES Q.P.S.C.

**INTERIM CONDENSED UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31
MARCH 2021**

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GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2021

In thousands of Qatari Riyals

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	5,758,251	5,828,631
Goodwill		303,559	303,559
Right-of-use assets		47,279	45,352
Contract assets		10,950	14,959
Equity-accounted investees	4	15,148	14,593
Financial investments		382,149	369,496
Total non-current assets		6,517,336	6,576,590
Current assets			
Inventories		249,963	238,301
Contract assets		4,281	410
Due from related parties		873,671	658,091
Financial investments		371,277	365,457
Trade and other receivables		738,060	620,926
Reinsurance contract assets		897,065	806,130
Short term investments		102,533	229,034
Cash and bank balances		650,436	461,538
Total current assets		3,887,286	3,379,887
TOTAL ASSETS		10,404,622	9,956,477
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,858,409	1,858,409
Legal reserve		371,389	371,389
General reserve		74,516	74,516
Foreign currency translation reserve		(32,705)	(25,713)
Fair value reserve		19,170	22,475
Retained earnings		945,749	951,292
Equity attributable to owners of the Company		3,236,528	3,252,369
Non-controlling interests		(67)	(52)
Total equity		3,236,461	3,252,317
LIABILITIES			
Non-current liabilities			
Lease liabilities		22,593	25,682
Loans and borrowings		3,574,641	3,702,262
Contract liabilities		-	306
Provision for decommissioning costs		41,598	41,598
Provision for employees' end of service benefits		92,963	91,388
Total non-current liabilities		3,731,795	3,861,236
Current liabilities			
Bank overdraft		14	14
Lease liabilities		35,176	28,238
Dividends payable		74,759	75,238
Loans and borrowings		813,447	743,127
Trade and other payables		998,455	713,432
Due to related parties		56,133	45,264
Insurance contract liabilities		1,451,697	1,228,652
Contract liabilities		6,685	8,959
Total current liabilities		3,436,366	2,842,924
Total liabilities		7,168,161	6,704,160
TOTAL EQUITY AND LIABILITIES		10,404,622	9,956,477

These consolidated financial statements were approved by the Board of Directors of the Company and signed on its behalf by the following on 29 April 2021:



Khalid Bin Khalifa Al-Thani
Chairman



Saad Rashid Al-Muhannadi
Board 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 2021

In thousands of Qatari Riyals

	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Revenue		704,986	831,715
Direct costs		(658,830)	(665,847)
Gross profit		46,156	165,868
Other income/ loss	6	18,614	(56,972)
General and administrative expenses		(47,886)	(57,007)
Other expenses		-	(125)
Operating profit		16,885	51,764
Finance income		8,456	7,386
Finance cost		(30,442)	(51,251)
Net finance cost		(21,986)	(43,865)
Share of profit of equity-accounted investees		555	821
Profit / Loss for the period before tax		(4,545)	8,720
Income tax expense		(998)	-
Profit / Loss for the period		(5,543)	8,720
Other comprehensive income /loss			
Items that will not be reclassified to profit or loss			
Equity investments at Fair Value Through Other			
Comprehensive Income (FVTOCI) – change in fair value		(3,306)	(32,420)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation difference		(6,992)	(2,997)
Other comprehensive income / (loss) for the period		(10,298)	(35,417)
Total comprehensive income/ loss for the period		(15,841)	(26,697)
<i>(Loss) / profit attributable to:</i>			
Equity holders of the Parent		(5,528)	8,720
Non-controlling interest		(15)	-
		(5,543)	8,720
<i>Total comprehensive (loss) / income attributable to:</i>			
Equity holders of the Parent		(15,826)	(26,697)
Non-controlling interest		(15)	-
		(15,841)	(26,697)
Earnings per share			
Basic and diluted (loss) / earnings per share (Qatari Riyal)	5	(0.003)	0.005

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2021

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Parent	Non-controlling interest	Total
2020									
Balance at 1 January 2020 (Audited)	1,858,409	366,295	74,516	(11,578)	(1,095)	1,294,376	3,580,923	-	3,580,923
Prior year adjustment	-	-	-	-	-	(9,641)	(9,641)	-	(9,641)
Balance at 1 January 2020 (Restated)	1,858,409	366,295	74,516	(11,578)	(1,095)	1,284,735	3,571,282	-	3,571,282
Total comprehensive income:								-	
Profit for the period	-	-	-	-	-	8,720	8,720	-	8,720
Other comprehensive (loss) for the period	-	-	-	(2,997)	(32,420)	-	(35,416)	-	(35,416)
Total comprehensive income / loss for the period	-	-	-	(2,997)	(32,420)	8,720	(26,696)	-	(26,696)
Balance at 31 March 2020 (Unaudited)	1,858,409	366,295	74,516	(14,575)	(33,515)	1,293,456	3,544,586	-	3,544,586
Balance at 1 January 2021 (Audited)									
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
Non-controlling interest in subsidiary acquired	-	-	-	-	-	-	-	(15)	(15)
Total comprehensive income:									
Profit / loss for the period	-	-	-	-	-	(5,543)	(5,543)	-	(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)	(5,543)	(15,841)	(67)	(15,841)
Balance at 31 March 2021 (Unaudited)	1,858,409	371,389	74,516	(32,705)	19,170	945,749	3,236,528	(67)	3,236,461

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2021

In thousands of Qatari Riyals

	31 March 2021	31 March 2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / loss for the period before tax	(4,545)	8,720
Adjustments for:		
Depreciation of property and equipment	89,076	97,038
Depreciation of right of use asset	4,493	4,541
Provision for employees' end of service benefits	5,830	4,052
Net movement of financial assets at fair value through profit or loss	(6,038)	56,497
Net movement from disposal of Financial investments	(3,926)	7,296
Amortisation of finance cost related to borrowings	1,864	2,257
Provision for slow moving inventories, net of reversals	555	-
Profit distribution from managed investment funds	(955)	(955)
Finance income	(8,456)	(7,386)
Finance costs	30,442	51,251
Dividend income	(1,844)	(3,640)
Gain on remeasurement of equity account investment	1,136	
Reversal of provision for ECL	(530)	(3,630)
Other movement	-	(8,084)
	107,102	207,957
Changes in:		
Inventories	(12,218)	(4,689)
Trade and insurance receivables, prepayments and due from related parties	(440,016)	(296,293)
Right of use assets	1,054	5,835
Contract assets	139	517
Contract liabilities	(2,581)	(3,379)
lease liabilities	3,849	(6,582)
Trade and insurance payables, accruals	544,331	161,240
Cash generated from operating activities	201,660	64,606
Employees' end of service benefits paid	(4,256)	(4,052)
Net cash generated from operating activities	197,404	60,554

GULF INTERNATIONAL SERVICES Q.P.S.C.
INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2021

In thousands of Qatari Riyals

	31 March, 2021	31 March ,2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(22,532)	(14,337)
Purchase of financial investments	(89,934)	(41,951)
Purchase of fixed assets	(5,528)	(36,195)
Interest received	8,456	7,386
Investment in joint venture	(842)	-
Proceeds from disposal and maturity of financial assets	79,046	72,027
Proceeds from written off property and equipment	-	7
Net movement in cash at banks more than 3 months	111,900	52,946
Net movement in cash at banks – restricted for dividend	478	866
Profit distribution from managed investment funds	955	955
Payment of lease liabilities	(4,200)	(6,523)
Dividend received	1,844	3,640
Net cash used in investing activities	79,643	38,820
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	26,572	291,200
Repayment of loans and borrowings	(85,737)	(190,402)
Dividends paid	(478)	(866)
Finance cost paid	(30,442)	(51,132)
Net cash used in financing activities	(90,085)	48,800
Net decrease in cash and cash equivalents	186,962	148,174
Change in foreign currency reserve	2,430	121
Cash and cash equivalents at 1 January	386,287	438,601
Cash and cash equivalents for the period *	575,679	586,896

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

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 Qatar Petroleum (“QP”) 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, QP 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, QP divested 20% of its stake in the Company to GRSIA. However, QP 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 2021	30 December 2020
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	
			2021	2020
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, 2020.

3. PROPERTY, PLANT AND EQUIPMENT

	March 31 2021 (Unaudited)	December 31 2020 (Audited)
Opening net book value	5,828,631	6,421,124
Additions	28,061	152,910
Foreign currency translation on consolidation	(9,365)	(15,912)
Transfer	-	(6,455)
Provision for Impairment	-	(308,261)
Depreciation	(89,076)	(414,775)
Closing net book value	<u>5,758,251</u>	<u>5,828,631</u>

4. EQUITY-ACCOUNTED INVESTEEES

	March 31 2021 (Unaudited)	December 31 2020 (Audited)
Investment in joint ventures	<u>15,148</u>	<u>14,593</u>

The Group has investment 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 Up Holding 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	GASL	AOM	Total
31 March 2021				
Percentage ownership interest	50%	49%	49%	
Non-current assets	776,683	1,405	800	778,888
Non-current liabilities	(329,825)	-	(3,122)	(332,947)
Current assets	118,871	27,275	11,716	157,862
Current liabilities	(548,811)	(22,817)	(6,072)	(577,700)
Net Assets (100%)	16,918	5,864	3,323	26,105
Carrying amount of interest in joint venture	8,457	2,699	3,992	15,148
Additional Investment during year	-	-	-	-
Revenue	76,892	14,750	5,537	97,179
Expenses	(75,208)	(17,054)	(3,819)	(96,081)
(Loss)/ profit for the year and other comprehensive income	1,684	(2,304)	1,717	1,097
Group's share of profit and other comprehensive income	842	(1,129)	842	555
Carrying amount of the investment	8,457	2,699	3,992	15,148

GULF INTERNATIONAL SERVICES Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2021

In thousands of Qatari Riyals

31 December 2020	GD	GASL	AOM	Total
<i>Percentage ownership interest</i>	50%	49%	49%	
Non-current assets	532,977	1,324	757	535,058
Non-current liabilities	(170,970)	-	(2,877)	(173,847)
Current assets	84,864	32,641	10,445	127,950
Current liabilities	(431,640)	(26,089)	(5,513)	(463,242)
Net assets (100%)	15,231	7,876	2,812	25,919
Carrying amount of interest in joint ventures	7,615	3,827	3,151	14,593
Investments made during year	2	-	-	2
Revenue	161,243	55,565	12,270	229,078
Expenses	146,016	50,375	13,902	210,293
Profit /(loss) for the year and other comprehensive income	15,227	5,190	(1,632)	18,785
Group's share of profit / (loss) and other comprehensive income	7,613	2,543	(800)	9,356
Carrying amount of the investments	7,615	3,827	3,151	14,593

Reconciliation of carrying amounts:

31 March 2021

	GD	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	8,457	2,698	3,993	15,148

31 March 2020

	UHPL	GASL	AOM	Total
Balance as January	-	1,284	3,951	5,235
Additional investment made during the period	7,850	-	-	7,850
Group's share of profit / (loss) for the period	-	724	97	821
Balance at 31 March 2020	7,850	2,008	4,048	13,906

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2021

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.

	March 31 2021 (Unaudited)	March 31 2020 (Unaudited)
Profit / Loss for the period (thousand QR)	(5,543)	8,720
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)	(0.003)	0.005

6. OTHER INCOME /LOSS

	March 31 2021 (Unaudited)	March 31 2020 (Unaudited)
Income tax benefit recognised pursuant to an MOU*	998	-
Others	17,616	(56,972)
	18,614	(56,972)

* This represents the tax benefit that the Group has received as a result of settlement of income tax of the Company and its local subsidiaries through the defined arrangement between the public shareholding company, Qatar Petroleum and the Ministry of Finance as per the Memorandum of Understanding.

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, Qatar Petroleum (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 997,816) 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

Insurance

Aviation

Catering

Drilling

Operations

Provides insurance and reinsurance services

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.

Provides catering, manpower and related services.

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 2021

In thousands of Qatari Riyals

8. OPERATING SEGMENTS (CONTINUED)

For the period ended as at 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

GULF INTERNATIONAL SERVICES Q.P.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2021

In thousands of Qatari Riyals

8. OPERATING SEGMENTS (CONTINUED)

For the period ended as at 31 March 2020	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	231,004	185,311	135,011	290,135	841,461
Inter-segment revenue	(301)	-	(9,445)	-	(9,746)
External revenue	230,703	185,311	125,566	290,135	831,715
Segment Direct cost	(208,637)	(115,076)	(113,562)	(225,731)	(663,006)
Segment profit/ (loss) before tax	(45,325)	58,232	7,510	(432)	19,985
Finance income	4,619	679	876	-	6,174
Finance cost	-	(1,157)	(29)	(48,528)	(49,714)
Share of profit/loss from equity accounted investees	-	821	-	-	821
	Insurance	Aviation	Catering	Drilling	Total
Segment assets for the period ended as at 31 March 2021	2,514,082	1,419,283	348,702	5,512,242	9,794,309
Equity accounted investees	-	6,691	-	8,457	15,148
Segment liabilities	1,852,672	241,130	238,534	4,787,005	7,119,341
	Insurance	Aviation	Catering	Drilling	Total
Segment assets for the period ended as at 31 December 2020	2,137,378	1,463,151	329,042	5,506,766	9,436,337
Equity accounted investees	-	6,978	-	7,615	14,593
Segment liabilities	1,452,284	242,427	218,228	4,710,615	6,623,554